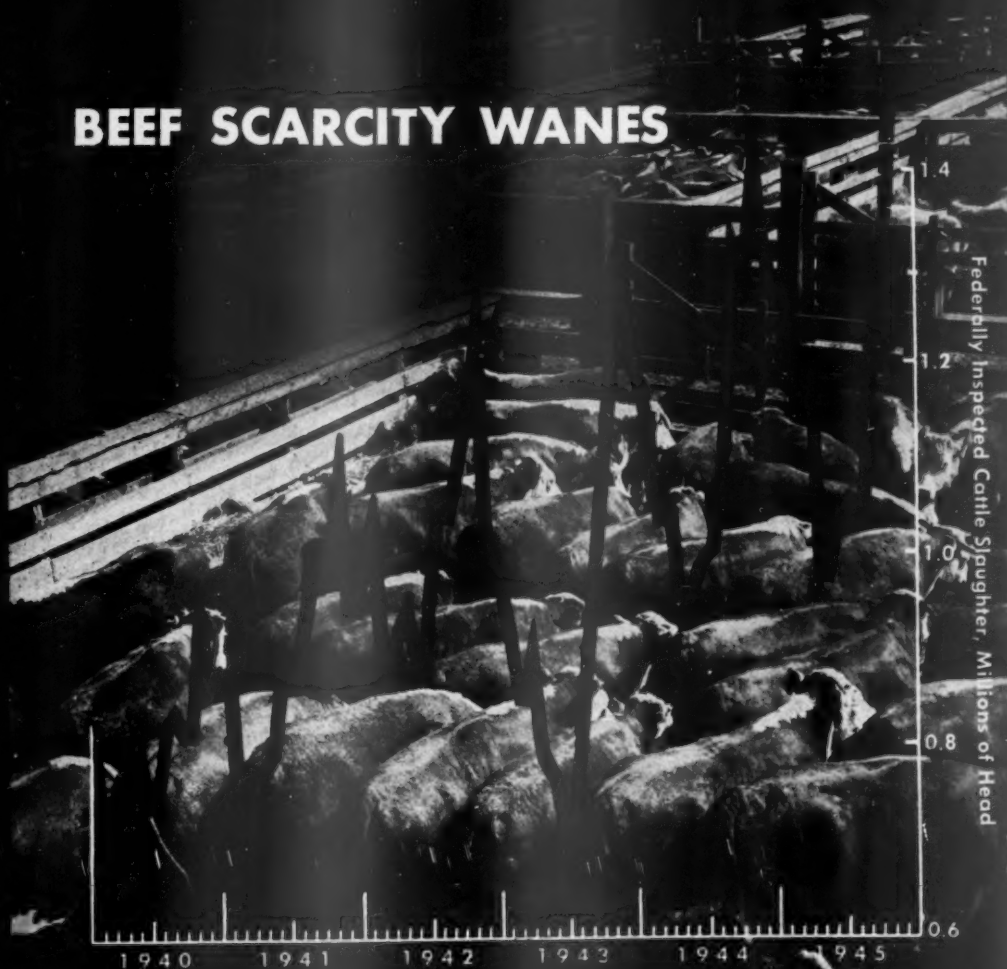


YEAR  
AGO

# BUSINESS WEEK

## BEEF SCARCITY WANES

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DEX

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## What can we learn from the Russians?

**W**HY did they do so magnificently in this war after collapsing in the last one? They were fighting the same enemy. They themselves were the same people. They had the same economic system and political party when they signed the abject surrender of 1918 and the glorious victory of 1945.

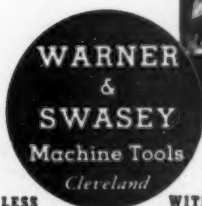
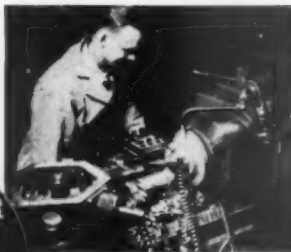
One thing and one thing only had made the vast difference in the meantime—they had acquired machines and had used them well.

It is true everywhere—in every part of the world prosperity and security are in direct proportion to the number of modern machines and the wise efficiency of their use. Modern machines help a man produce more. The more he produces, the more there is for him and, in time of war, for his country.

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## TURNING THE SCREWS

Slowly but surely the Administration is turning the screws on employers.

Baldly, the Administration is asking employers to hold the price line with one hand while they absorb substantial wage rate increases with the other. It's the net of the new policy to which Washington has finally found its way.

Profitwise, this may make for some high going at first, but the Administration is convinced, and industry is expected to believe, that once reconversion is past, a curbed price level, coupled with maintenance of relatively high home wages, will pay off; that consumer buying will be running high, and handsome—and so will profits.

## Truman's Advisers Unyielding

The Administration doesn't admit it even in the short term this policy will cut profits below a reasonable figure. President Truman's advisers in John F. Snyder's Office of Reconversion agree that by eliminating premium overtime, and downgrading jobs, industry will pay 10% higher straight-time rates, without increasing labor costs, and that more can be paid out of profits past, present, and anticipated.

Fifteen percent is the figure put on wage boosts in the flood of Administration-inspired press dispatches which has ushered in the new wage-price policy. This process of conditioning management to the White House line assumes that labor will go along, trim 30% demands accordingly. This isn't a safe assumption, but in an effort to put its program over with both management and labor, the Administration is pounding Reconversion Director Snyder's big-name advisory committee, representing industry, labor, agriculture, and the public, for its "recommendations."

They were all sweating it out this week.

## The Test—Industry by Industry

How realistic the Administration's position may be will be put to the test when the wage increases are hammered out industry by industry. Here and there, as for instance in steel, it may be necessary for the Administration to provide help in the form of minimum price relief.

OPA's action this week in granting price boost of 75¢ per ton in pig iron is only a curtain raiser for an increase in steel prices. Under study for weeks,

a hike in steel is only a question of degree, and that degree will be determined after the wage controversy has been settled.

OPA has already admitted informally that the industry is entitled to a price increase on the basis of past cost increases. On that basis the industry wants a \$7-a-ton increase on carbon steel. It would probably want \$9 on a 15% wage boost. OPA is expected to come through with a base price increase of no more than \$5 on the average, though it may work up to a higher figure through increasing levels on extras.

With some price relief in prospect, rejection by U. S. Steel of the United Steelworkers' demand for a \$2-a-day increase is only the opening maneuver in the wage negotiations.

## RIFT IN STATE DEPT.

While certainly not comparable to the Hull-Welles split, relations between Secretary of State James F. Byrnes and Under Secretary Dean Acheson are not too good right now.

Byrnes found himself greatly embarrassed in London by the squabble in Washington over Gen. Douglas MacArthur's performance in Japan, because Molotov used it as evidence that even the American government wasn't satisfied with the Supreme Commander.

Since his return, Byrnes' dissatisfaction with Acheson's handling of the incident has been manifest.

## COFFEE PRICE SQUEEZE

Coffee producers in South America have got this country in a squeeze that is demoralizing the trade. They are demanding bonuses over U. S. ceilings on imports, because they can sell abroad at better prices. Britain, Canada, and European countries have already bought 1,000,000 bags (132 lb.) at a cent or two over U. S. ceilings.

Importers assert that coffee is getting hard to find, that quality is steadily deteriorating. They contend that ceilings are no longer practical since this country has lost its big stick—the threat of rationing.

OPA might as well face the fact, the importers insist, that, in the absence of price controls in Latin America, costs have shot up, and that if U. S. coffee drinkers want to continue drinking good coffee they will have to pay more for it.

## FARM SUPPORTS SLIP

The first move to cut farm price supports on 1946 crops and livestock was this week's announcement by the Agriculture Dept. that hog prices would be supported at an average of \$12 per 100 lb. for good to choice butcher porkers (Chicago basis) from Oct. 1, 1946, through Sept. 30, 1947. Until then, the support price remains at \$13.

Also in the mill is a plan to remove retail ceilings on pork not later than next June 30, and to eliminate rollback subsidies now being paid to packers (page 17). The amount of this subsidy will be added to the retail price.

Reductions in support prices of other commodities, scheduled for early announcement, include soybeans, peanuts, and flaxseed. These reductions will cut farmers' floor prices to the 90% of parity authorized by Congress, and eliminate current subsidies being paid producers and processors.

## STAY-AT-HOME TRUMAN

With fractious domestic and international issues in the headlines, public reaction to President Truman's junkets is turning so sour (BW—Oct. 20'45, p5) that the White House is scratching all his scheduled trips except to New York on Navy Day.

Only cancellations announced so far are his visit to Statesville, N. C., Nov. 2 and the Duke-Tech football game in Atlanta the next day. But other travels are coming off the schedule, and the word now is there is to be no trip to Liberty, Mo., for that William Jewell honorary degree, to Oklahoma City for the National Aviation Conference, or to the Fort Sill artillery show—a little airplaning which had been previously arranged for Nov. 15-19.

## AGRICULTURAL BLUES

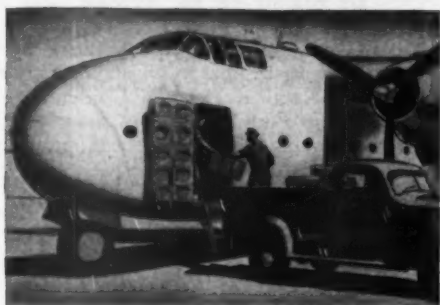
Secretary of Agriculture Clinton P. Anderson's reorganization of his department isn't clicking.

Anderson chafes at bureaucratic delays in staffing the new commodity branches, complains that he doesn't know much more now than he did two months ago about commodity inventory accumulations (BW—Aug. 24'45, p22).

Another sore spot is the department's new field service, festering over alleged emasculation of the Agricultural Adjustment Administration, breaking out in



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# WASHINGTON BULLETIN (Continued)

ranges of politically inept appointments state directors and assistant directors. At Washington headquarters, three commodity and fiscal affairs aides are pulling out for more pleasant pastures. Anderson's own office has been denying rumors that Under Secretary John B. Hutson and Anderson himself—fed up—also are about to resign.

## UNIVERSAL TRAINING

There's more opposition than there are arguments against President Truman's appeal for universal military training. The opposition doesn't appear to be much abated by Truman's stand, but it is recognized as the boldest, most serious message which has come from the president during his six months in office. He may gain strength in the country even if he doesn't gain his full objectives in Congress.

## LIVE ON SHORTAGES

Shortages linger on—as almost any manufacturer knows. WPB, which officially goes out of existence next week, is completing a roundup of the scarce materials and products that are slowing conversion. The list includes anti-aircraft, bagging, fractional horsepower motors, gray iron and malleable castings, and newsprint, natural rubber, textiles, and tin. These, together with their accompanying problems, are part of the inheritance WPB's retiring chairman, J. Edgar Hoover, leaves his chief of staff, John Small, who becomes administrator of the newly created Civilian Production Administration on Nov. 3 (BW—Oct. 13 p. 18).

## CREDIT FOR RUSSIA

Russia has obtained a credit of something under \$400,000,000 to buy lend-lease material which was in the "pipeline" at the time lend-lease was halted. The Administration is puzzled, however, that the Russians have neither applied for a rehabilitation loan nor sent negotiators in response to Washington's invitation last August that it was ready to talk business.

When Russia informally suggested to the State Dept. last January that she wanted to borrow \$6,000,000,000, the Administration replied that the act forbidding Export-Import Bank loans to defaulted debtors would have to be re-

pealed first. When this prohibition was removed last summer, the State Dept. informed Moscow that it was ready to open discussion.

There are two sources on which Russia can draw: the E-I bank and the Bretton Woods fund and bank. From time to time during the war Russia paid cash out of its foreign assets for purchases in the U. S. it couldn't make under lend-lease, but it isn't expected to place any large orders here until a loan is obtained.

At this stage it is unlikely that the Soviet Union will get the sort of Treasury loan that the United Kingdom hopes to obtain.

## TROUBLE FOR BENTON

William Benton, Assistant Secretary of State in charge of public affairs, has run into trouble at the Capitol through no fault of his. In his maiden appearance before the House Appropriations Committee to ask for funds to carry on a worldwide information program, Democrats received his ideas coldly, although Republicans encouraged him. House Democratic leaders were peeved because President Truman had consulted Senate leaders but had ignored them on transfer of the overseas activities of the Office of War Information and Office of Strategic Services to the State Dept. They read about it in the newspapers.

The Administration is counting on the Senate to push the appropriation through as Benton wants it.

## RESPECTING WATER MARK

Added point is given to the federal government's attempt to wrest title from the states to submerged coastal land (page 43) by Standard of New Jersey's announcement that until the issue is settled it will not drill beyond the low-water mark on 1,400,000 acres leased from North Carolina to test production possibilities (BW—Jul. 1 '45, p. 35).

North Carolina, like other coastal states, claims title out to the three-mile limit.

## WHAT MAVERICK KNOWS

While Chairman Maury Maverick plans to reconvert the Smaller War Plants Corp. under a new name—Federal Business Corp.—he is not un-

ful that the whole program of assistance probably will be taken out of his hands soon.

Persons close to the White House say that President Truman will shift the agency to the Commerce Dept. before the turn of the year, thus lining it up to conform with Secretary Henry Wallace's plan to aid small businesses through a new Assistant Secretary of Commerce.

The move probably will be made soon after Congress passes the bill authorizing Truman to reorganize government agencies.

## DIRECT MAIL BALLOTS

The National Labor Relations Board, prayerfully hoping for early repeal of the strike-vote provisions of the Connally-Smith act, this week abandoned, under the avalanche, the last pretense of carrying out its obligations under the law in anything like normal operating routine.

Between Aug. 15 and Oct. 15, petitions were filed for strike votes involving 4,982 employers. A total of 693 petitions deluged the board during this period.

NLRB quickly discovered that it could not cope with this flood under the regular procedure of setting up polling booths manned by its own personnel.

As an expedient the board has adopted the technique of mailing out strike ballots to plants, and trying to get both unions and employers to distribute them to the workers. Recently, the board has contracted with letter-mailing firms to send out ballots to union members.

In defense of the board's practice, a spokesman points out that the Connally-Smith act doesn't specify the manner of conducting strike votes;

"We may be forced to drop ballots by parachute."

## CARDS FOR PASSPORTS?

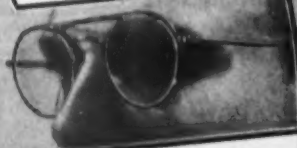
State Dept. officials say efforts by the Air Transport Assn. to substitute for passport-visa-customs barriers a simple identification card system may succeed in the Western Hemisphere, where spy activities and emigration pressures are low, but that in Europe and Asia, where the reverse is true, progress will take years. Russia, in particular, is not expected to cooperate now.

U. S. border controls are legislative

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acts, but Congress will recognize the advantage of freer international communications.

## CAPITAL GAINS (AND LOSSES)

Scoffing at reports that Price Boss Chester Bowles may resign, one of his aides says that the OPA chief is "just warming up."

Sometimes the successful reconversion of a war plant needs only a little imagination regarding the possibilities of postwar expansion. The Sho-Form Brassiere Co. of Los Angeles is leasing a parachute plant.

Officials connected with the management-labor conference scheduled for Nov. 5 expect that it may last anywhere up to a month.

Inventory control is being slapped back on tin and lead scrap dealers to prevent hoarding against the time when price ceilings come off.

There's some talk of converting into a trade association the Petroleum Industry War Council which attended its own obsequies this week. It's mostly sentimental as industry folks are not likely to forget that the American Petroleum Institute, which had its origin in the last war, now is a defendant in the government's so-called "mother Hubbard" antitrust suit.

Now that the RFC has taken over disposal of surplus consumer goods from the Commerce Dept. (page 42), it may get a crumb of comfort out of a statistic developed by the Surplus Property Administration: Although surpluses of consumer goods are stored in 4,000 locations, 95%, by value, may be found in 5% of the locations.

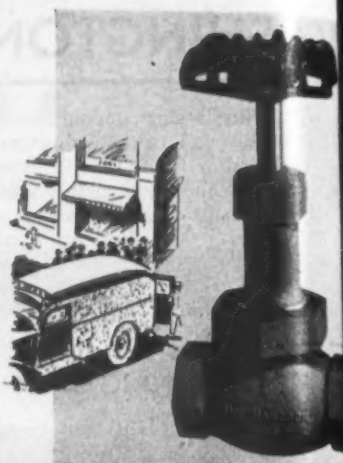
After conclusion of British loan negotiations, the Administration will ask Congress for a sizable boost in the Export-Import Bank's lending power, now \$3,200,000,000.

A rich historical plum will be available for students as a result of a decision by WPB to make public the minutes of all its meetings and those of its predecessor agencies—SPAB, OPM, and NDAC.

—Business Week's  
Washington Bureau

## THE COVER

Since V-J Day the supply of marketable beef has increased steadily—thanks to cancellations by the armed services. Now, however, come set-asides to help feed the hungry peoples of the world (page 30). Effect of these latest set-asides will be felt shortly in U.S. butcher shops, may wane by spring when the supply of meat—excluding pork—is expected to return toward normal prewar levels.



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# THE OUTLOOK

BUSINESS WEEK

OCTOBER 27, 1945



The new wage-price formula (page 5) holds no promise of labor peace.

True, union leaders can accept it. They can back away from their 30%-or-else by agreeing to the Administration's proposal that management go half way in meeting the wage demands.

("Half way," incidentally, may not be 15%; Washington talks 10%-20%.)

But few companies are ready to grant much of anything without assurance of a price increase—and the official stand is to resist price pleas.

•  
Strikes in key industries such as steel and autos now are more likely than they were before the new wage-price formula was hatched.

So far, of course, companies and unions are just sparring.

Thus U. S. Steel's flat rejection on Tuesday of the United Steelworkers' demand isn't final. Neither is General Motors' suggestion of a 45-hr. week with a small straight-time wage increase.

Yet U. S. Steel undoubtedly is accurate in saying that it is losing money on most carbon steel products. General Motors, similarly, is convinced it can't give much on wages unless unit costs decline (through greater labor efficiency) or prices are marked up.

•  
Detroit will bear close watching. A lone wolf could turn the labor situation inside out with a wage settlement.

Remember that Ford Motor traditionally has played a lone hand. Henry Ford II seems ready to grant a 15% wage boost. Not only that, but informed observers in Detroit say he will undercut his OPA ceiling (page 15).

Any such price-wage war would have far-reaching consequences.

G.M. and Chrysler would be under pressure to follow suit. Their dealers would howl if Ford distributors had cars and they didn't.

But dealers also should realize that some of the cost might come out of their pockets; manufacturers might have to cut discounts if the wage-price squeeze were to become as tight as seems possible.

Then, too, OPA asks distributors to absorb a share of added costs.

•  
Henry Kaiser wouldn't be above fishing Detroit's troubled labor waters. He proposes to have good labor relations in the Kaiser-Frazer operation at the leased Willow Run plant.

If he could get a good start while the big, established companies are tied up in disputes, he wouldn't mind the least bit.

Chances are, however, that the present phase of the wage fight will be over before Kaiser-Frazer becomes much of a factor in auto output.

•  
Some of the industries most bedeviled by strikes and strike threats—autos, steel, coal, glass, oil, rubber—are among those in which basic hourly wages have risen less than the all-manufacturing average during the war years (tabulation, page 106).

On the other hand, they have worked more overtime hours than most other lines so that weekly wages and take-home pay have been high.

This combination of less-than-average increase in hourly rates with above-average overtime pay provides the unions with a sharp argument.  
They can point out that they are among the severest sufferers from readjust-



# THE OUTLOOK (Continued)

## BUSINESS WEEK

OCTOBER 27, 1945

ment in the number of hours worked; they will press strongly for a compensating increase in basic hourly wage rates.

The mere fact that their industries may stand in dire need of higher prices, quite aside from wage demands, won't silence their claims.

Interestingly enough, the unions have dropped the cost-of-living argument in their wage claims. Neither the steel nor auto workers so much as mentioned it in making out their cases this week.

The reason is that all the unions are asking for more than they could get in a cost-of-living adjustment. They base their claims on take-home pay, even though a few are entitled to something under "Little Steel."

Ability of one or another industry to grant wage increases within the limits of present ceiling prices varies greatly (page 124).

Reduced payments for overtime along with downgrading might enable some to raise hourly pay. A few may have wide enough profit margins even now to make concessions. But a very large number need price increases.

This in itself sets up an uncertainty that endangers inflation control. If higher prices were granted here and there to make up for increased wages, everyone would ask for consideration (including farmers).

Administrative complexities would be enormous. Time would be lost. Industry, in effect, would sell subject to the setting of new ceilings. Nobody could tell what he ultimately would have to pay for materials or parts so there would be no way of computing costs. To avoid such confusion is the best reason for trying to hold the line over-all, allowing exceptions only in clear hardship cases.

And even hardship cases will lose time and money convincing OPA.

Petroleum refining, hapless guinea pig in the government's first effort to settle a postwar labor row, is put on the spot by wage statistics.

Refineries increased the number of hours worked each week almost double the average increase for industry—but the hourly wage went up less than half as much as the average (between January, 1941, and March, 1945).

The net of this was a rise of 73% in the average weekly pay check—and the workers don't propose to settle for a 15% hourly boost now.

Many oil men hold little hope of getting more for petroleum products—even if OPA should raise ceilings to offset higher wages—because of the competitive situation in this country and the probability of imports.

The prospect of serious strikes and of controlled prices has little appeal for buyers of common stocks.

The wave of speculation generated by probable repeal of the excess-profits tax seemed to have died out by the middle of this week (page 122). Stock exchanges experienced the least enthusiasm in some time.

True, there is an inflationary element in any wage increase. But, in this case, there's the offset of lidded prices and restraints on profit.

Moreover, major strikes would stir several deflationary currents—would, in fact, curtail purchasing power in general as well as cost corporations and investors money while retarding reconversion.

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110

BUSINESS



# FIGURES OF THE WEEK

THE INDEX (see chart below). . . . . \*148.0 151.0 161.6 230.6 230.6

## PRODUCTION

Steel Ingot Operations (% of capacity).....	65.1	66.3	83.6	93.2	96.3
Production of Automobiles and Trucks.....	13,750	11,825	10,570	20,335	20,660
Engineering Const. Awards (Eng. News-Rec. 4-week daily av. in thousands)....	\$9,977	\$11,243	\$10,224	\$6,103	\$5,530
Electric Power Output (million kilowatt-hours).....	3,915	3,934	4,019	4,411	4,345
Crude Oil (daily average, 1,000 bbls.).....	4,237	3,781	4,528	4,798	4,745
Bituminous Coal (daily average, 1,000 tons).....	1,022	1,345	2,029	1,712	1,990

## TRADE

Miscellaneous and L.C.I. Carloadings (daily average, 1,000 cars).....	78	76	78	86	87
All Other Carloadings (daily average, 1,000 cars).....	48	52	65	55	62
Money in Circulation (Wednesday series, millions).....	\$27,952	\$27,962	\$27,777	\$26,068	\$24,157
Department Store Sales (change from same week of preceding year).....	+11%	+11%	+8%	+3%	+17%
Business Failures (Dun & Bradstreet, number).....	15	12	23	24	12

## PRICES (Average for the week)

Spot Commodity Index (Moody's, Dec. 31, 1931=100).....	261.4	261.0	258.2	256.5	248.7
Industrial Raw Materials (U. S. Bureau of Labor Statistics, Aug., 1939=100)...	169.1	169.0	168.2	166.4	163.0
Domestic Farm Products (U. S. Bureau of Labor Statistics, Aug., 1939=100)...	230.2	229.8	227.0	227.0	225.5
Finished Steel Composite (Steel, ton).....	\$58.27	\$58.27	\$58.27	\$57.55	\$56.73
Scrap Steel Composite (Iron Age, ton).....	\$19.17	\$19.17	\$19.17	\$19.17	\$15.67
Copper (electrolytic, Connecticut Valley, lb.).....	12.000¢	12.000¢	12.000¢	12.000¢	12.000¢
Wheat (Kansas City, bu.).....	\$1.68	\$1.69	\$1.63	\$1.64	\$1.62
Sugar (raw, delivered New York, lb.).....	3.75¢	3.75¢	3.75¢	3.75¢	3.75¢
Cotton (middling, ten designated markets, lb.).....	23.32¢	22.95¢	22.46¢	22.30¢	21.52¢
Wool Tops (New York, lb.).....	\$1.330	\$1.330	\$1.330	\$1.340	\$1.340
Rubber (ribbed smoked sheets, New York, lb.).....	22.50¢	22.50¢	22.50¢	22.50¢	22.50¢

## FINANCE

90 Stocks, Price Index (Standard & Poor's Corp.).....	131.8	131.9	126.6	115.9	102.6
Medium Grade Corporate Bond Yield (30 Baa issues, Moody's).....	3.20%	3.20%	3.24%	3.36%	3.54%
High Grade Corporate Bond Yield (30 Aaa issues, Moody's).....	2.62%	2.62%	2.63%	2.61%	2.72%
Call Loans Renewal Rate, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6 months, N. Y. City (prevailing rate).....	3%	3%	3%	3%	3%

## BANKING (Millions of dollars)

Demand Deposits Adjusted, reporting member banks.....	39,362	39,082	39,017	38,603	36,614
Total Loans and Investments, reporting member banks.....	61,075	60,883	61,584	57,291	54,079
Commercial and Agricultural Loans, reporting member banks.....	6,251	6,271	6,124	5,958	6,136
Securities Loans, reporting member banks.....	3,432	3,604	3,997	2,687	2,408
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks..	45,471	45,108	45,473	43,143	40,197
Other Securities Held, reporting member banks.....	3,283	3,282	3,347	3,092	2,902
Excess Reserves, all member banks (Wednesday series).....	1,040	1,020	1,020	806	895
Total Federal Reserve Credit Outstanding (Wednesday series).....	23,699	23,923	23,707	20,973	17,795

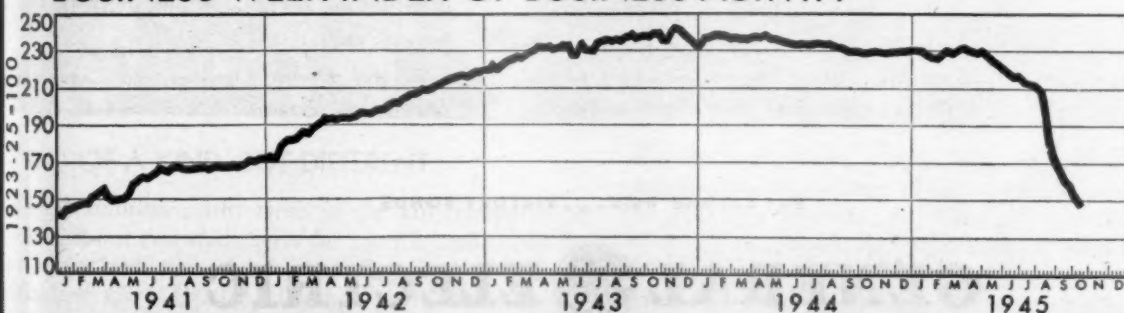
Preliminary, week ended October 20th.

† Revised.

‡ Ceiling fixed by government.

§ Date for "Latest Week" on each series on request.

## BUSINESS WEEK INDEX OF BUSINESS ACTIVITY





## Air Conditioning without GHOSTS?

**CERTAINLY.** With GOOD air conditioning, the air is fresh and sweet and clean. It is NOT haunted by the ghosts of stale tobacco smoke and other odors . . . because it is not old room air used over and over again.

There are two kinds of summer Air Conditioning. The good kind costs a little more . . . but it's worth it. Good air conditioning is comfortably cool, not too cold—not too warm. It is not too damp. The air circulates without drafts . . . and it's air that's fresh and clean.

When it becomes available—soon, now that war is over—the G-E kind of air conditioning incorporating G-E methods, know-how, and experience, will be the GOOD kind. It will be planned and balanced . . . and provided by reliable, efficient equipment.

If you are thinking of installing any air conditioning, get in touch with a G-E Distributor . . . now.

General Electric Company, Air Conditioning Department, Section 58610, Bloomfield, N. J.

BUY . . . and hold . . . VICTORY BONDS

**GENERAL  ELECTRIC**  
Air Conditioning

## Wage-Price Proving Ground

**Auto industry sweating out problem of charting pay-and-price relationship that will set pattern for nation. Competitors fear Ford will decide to undercut OPA's ceilings drastically.**

The epochal conflict between economic law shaped by government and that shaped by competition was being fought out this week in an arena stretching from the General Motors Building in Detroit to the White House in Washington. On its outcome, shrouded today in complication and doubt, will depend the price and wage levels of the nation for the period ahead.

On the one hand the government is holding down prices and seeks to raise wages. The OPA ceilings on goods—automobiles and others—are fixed and effective, and the new 15% pay raise program drafted this week (page 5) will pull heavily upward on individual wage earner incomes.

• **Disinclined to Budge**—On the other hand, most of Detroit feels that its wage levels must of necessity be tied to the prices it gets for its products. As long as those prices are fair and reasonable, says the auto capital, profits or other factors of efficient operation must not be part of the discussion. And as long

as OPA continues to hold ceilings at levels which motor executives say are unreasonably low, Detroit shows little inclination to budge on wages, regardless of the new policy formulated by President Truman.

Washington's programs and policies notwithstanding, any likelihood of a temporary settlement of the wage-price issue in Detroit will be contingent on two factors. Both of these grow out of the economic patterns that prevailed before the war.

• **Strikes Voted**—One of the two factors is the strike. General Motors workers this week, in a National Labor Relations Board poll, voted for a walkout if necessary to enforce their 30% wage raise demand. Chrysler people followed suit the next day. Ford workers were expected to take similar action next week.

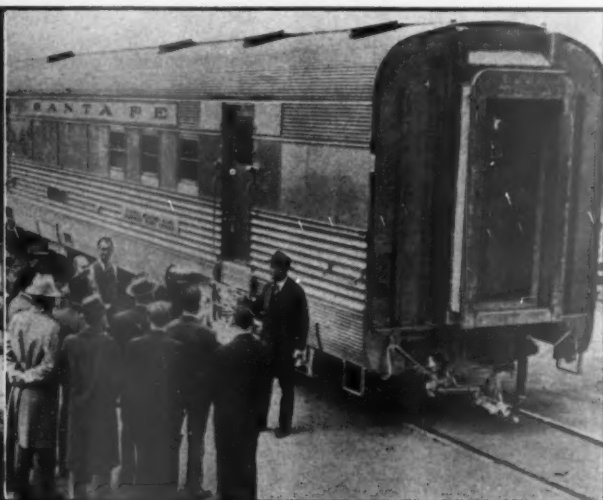
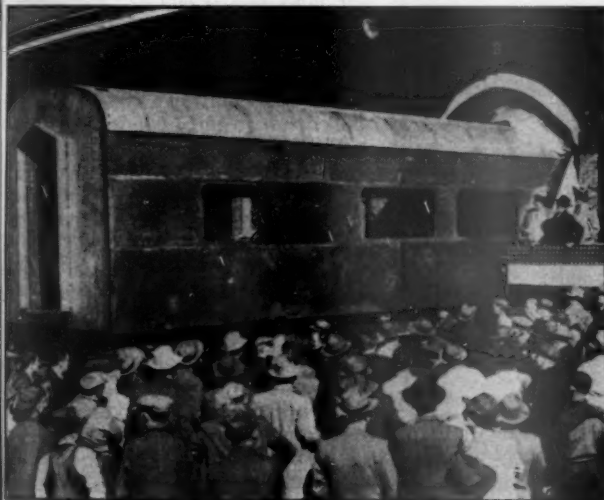
The other factor is at least equally potent in competitive Detroit. Once again, as in the past, Ford Motor Co. is cast—in the eyes of the rest of the industry—as the villain in the piece.

Henry Ford II, youthful new president of the company, talked to President Truman Monday against a back-drop of rumors that he was there to agree to the 15% pay raise. The report, quite unconfirmed, was that Ford would set a pattern for autos and the rest of American industry to follow.

• **Eyes on Prices**—This story came to Detroit on the heels of apparently better founded belief that the River Rouge producer would price his cars, shown publicly through the country Friday, on a level definitely below whatever ceilings are finally allowed by OPA. This report, like the one on wage raises, was credited to Ford's determination to regain top place in auto sales, a post held during most of the last decade by Chevrolet.

Should Ford make either move—or both—the entire automobile price level would be most significantly influenced. Between them, Ford and Chevrolet have been the major factors in setting standards for many years. Other companies usually waited to hear their prices, then adjusted their own previously unannounced quotations in rather careful and nicely fixed ratio.

• **A Strategic Position**—Inevitably, of course, wage costs will finally shape prices. But Ford's peculiar position imposes a severe handicap on the other manufacturers. Owned entirely by the



### TWO OF A KIND—BUT DIFFERENT

Almost simultaneously, rivals in the rail transportation field roll out two challengers for postwar traffic: one for passenger trade, the other for mail. Employees of Pullman Standard Car Mfg. Co., Chicago (left), hail the first de luxe coach body to come off their lines since prewar

days, while Edward G. Budd Mfg. Co. officials (right) examine the first postwar stainless steel car produced at the plant near Bustleton, Pa. The Budd mail car will ride the Santa Fe railroad; the Pullman-made coach is one of 300 ordered by New York Central. With a total of 634 orders for lightweight passenger cars, Pullman calls this the biggest order ever placed by a single railroad.



## Builders Press Plans for Cheaper Cars

Automobile production is gathering momentum in Detroit. General Motors plants alone are turning out cars and trucks at a current rate of more than 2,000 daily, and expect to complete 85,000 assemblies during November if strikes or other contingencies do not prevent.

• **Race for Lighter Car**—The big producers are also pressing their expansion programs, and along with them engineering and research developments directed immediately toward an advantage in the race for the low-priced car market, and, long range, toward later model improvements.

Charles F. Kettering, General Motors' vice-president in charge of research, disclosed this week that the company had set aside \$50,000,000 for engineering. Consensus was that it would be used to produce a car priced under the Chevrolet and Ford.

Ford is known to be spending millions on engineering, with the object of reducing weight, price, and operating costs.

• **Kaiser-Frazer Threat**—The intensity of these activities has undoubtedly been influenced by the plans of Henry J. Kaiser and Joseph W. Frazer to build a car that would undersell the lowest-priced model of the established manufacturers.

Hudson Motor Car Co. conceded this week that there was a definite market for a lower-priced car, and announced that it had such a one in the blueprint stage.

• **7,200,000 Units a Year?**—A study of the available details of G.M.'s \$600,000,000 expansion program indicates that, when completed, the corporation will have an annual capacity of 3,000,000 cars. If the rest of the industry increases in proportion to prewar capacity, a banner year could see more than 7,200,000 cars and trucks completed, by far the largest in history.

Chevrolet expects its output to reach 200 a day this week. Handicapped by unavailability of wiring harnesses from strikebound divisions, its production rate has been around 150 daily.

Pontiac has been producing at about the same rate; Buick and Olds at around 100 units a day.

• **New Plants for G.M.**—C. E. Wilson, G.M. president, confirmed reports that G.M. would lease the giant North American Aviation plant at Kansas City (BW-Oct. 20 '45, p17). Other sources, meanwhile, represented the company as disinterested in the Buick engine plant at Melrose Park, Ill., although it was admitted that the company might change its mind.

The Kansas City plant will take the place of one planned at Independence, Mo., and will assemble Buicks, Oldsmobiles, and Pontiacs. The same group of cars probably will be assembled at a new plant in the Boston area.

• **In Five States**—Other new G.M. plants include one for Buick, Olds, and Pontiac at Wilmington, Del.; a Chevrolet branch operation at Atlanta; a new Chevrolet plant at Los Angeles. GMC Truck & Coach Division is building new assembly and engine plants at Pontiac to double coach capacity there and enlarge truck output.

Chevrolet has a \$108,000,000 expansion program of its own. About 10% of this will go for a new assembly plant in Flint. This is scheduled for completion next July, and will be capable of producing 50 passenger cars an hour.

When its new facilities are completed, Chevrolet's capacity will be raised from its prewar 6,000 total to 6,800 passenger cars and 2,300 trucks daily. On that basis, Chevrolet expects to turn out more than 2,000,000 vehicles annually.

Ford family, the Dearborn company can produce without regard to profits, and can eat into its surplus account of approximately \$700,000,000 anytime the family so chooses.

In view of this situation, the earlier belief that Ford, Chevrolet, and the others would each sell their cars at approximately the ceiling levels ordained by OPA is disappearing. The equivalent increases in manufacturing costs anticipated at all plants, which would have re-

sulted in maintenance of the prewar price ratios, could be quickly nullified by Ford underpricing.

• **A Report**—Some weight was lent last week to the belief that Ford would break the price structure, to be computed from OPA-allowed increases in 1942 levels. Newspaper stories appeared in Detroit to the effect that the wholesale Ford de luxe Tudor price for 1946 would be approximately \$757 and that of the super de luxe Tudor \$798. On

that basis, retail prices delivered in Detroit would run around \$1,000 and \$1,100, against prewar delivered 1942 model prices of about \$100 less.

However, the information on which the newspaper report was based was not complete. First, Ford prices have not yet been approved by OPA. More interesting, the invoices on which the story was based were billings at the actual 1942 wholesale price levels plus scattered charges, including excise tax which made them appear like higher prices. The actual basis of billing would result in the identical delivered price that was charged for the car in 1942.

• **A Denial and a Hint**—Ford people, apparently quite satisfied with the publicity spurge caused by the price story, would say only that the figures were incorrect by \$50 to \$100, hinting in the meantime that the final quotations would be lower rather than higher. This industrial war of nerves did nothing to relieve the worries of the competition, which has maintained that its costs have risen sharply.

Auto prices were forced nearer the center of the stage last week in Detroit as production in some plants grew to the point that shipments to dealers had to begin even though the actual cash considerations were still entirely lacking.

• **How They Figure**—Cost estimates given by leading auto firms to a group of newsmen touring under National Assn. of Manufacturers auspices were fairly parallel, with one sharp exception. Most companies reported labor rates had risen between 11% and 12% during the war, but Chrysler said its level had gone up 20%. Materials costs were figured by all to have risen far more in many instances. Tires were reported up 40%; sponge rubber fittings 60% and more; some forgings and castings 75% or so.

The general impression was that Packard's over-all estimate of a 17% increase in car production costs since the 1942 models was fairly representative of the industry as a whole.

However, the OPA price formula makes little provision, say the auto companies, for many major cost increases. It allows government-authorized labor wage advances and increases in raw material costs. But it does not allow for higher-priced parts, equipment, capital goods, and many other charges.

• **Wilson's Estimate**—C. E. Wilson, president of General Motors, estimated that manufacturing volume would have to be increased 50% to 60% above prewar peaks to compensate for increased costs not permissible in the formula.

That being the case, some thinking was that despite actual cost increases, representations to OPA on the formula basis could bring no more than 5%



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no in excess of 1942 model prices. could that prove true, Ford's reported kes (\$1,050-\$1,100 minus \$50-\$100) ould be just about at ceiling level, and e Detroit nightmare would have been sed.  
Any such determination, of course, ould squeeze profit margins severely, rticularly while auto volume is limed by materials and tooling shortages. **What Can Happen**—More positively losses be likely if Ford touches off ce lowerings of wide consequence oughout the industry.  
Any moves which Ford may make are egulative today. Less speculative, ewer, were the hard-bitten negotia ns over wages which were proceeding ly between General Motors and the I.O. United Auto Workers Union, d which will be followed by similar eussions with other companies.

The U.A.W. was doing the talking d G.M. the listening. Lengthy "eco mic briefs" filed by union spokesman Walter Reuther (advised by economists ise to the Administration) were being oked at with interest but without cal reaction from the company nego tiators. Their position was plain and mple: They cannot make wage con sations while prices remain fixed.

**Across the Table**—There was evidence, ewer, that the stand of neither man eement nor labor was absolute. In the st day's negotiations, for instance, euther said the union would not stand its 30% demand if the company ould prove that it could not sell at 42 prices and still make a reasonable fit.

Similarly, G.M. President Wilson opped some words interpreted as a eler, in favor of a 45-hour week upled with a 5% to 8% pay raise. et to this the union reacted angrily, ing it was a job curtailment program hich it would never, never accede.

**How Efficient?**—General Motors and e others want to wait and see what or's postwar efficiency will be, and w much volume it can produce. If dustry output rises to the level the ptimists expect, profits will spiral, obably making room for both pay ises and price cuts.

The 6,000,000-car year anticipated by me companies would be far above the 587,400 factory shipments of the best revious U. S. car production year, 929.

But in the meantime, the basic con siderations continue. Unless Ford drives e industry into the price-wage path it now avoiding, unless OPA is far more enerous with its ceiling prices than the dustry expects, or unless President ruman implements his new wage pol icy with sanctions as yet unforeseen, etroit almost certainly will stand pat.

## Rollback Reverse

Rise in price of butter fore shadows other increases, and possible end of all subsidies. Tough opposition is expected.

Food price rollbacks to which the government resorted to hold down war-time living costs two years ago now are going in the opposite direction.

A 5¢-to-6¢ butter price increase the end of this month will be followed by similar action on meats, eventually perhaps by elimination of all government food subsidies now totaling \$1,800,000,000 a year (BW—Sep. 22 '45, p7).

• **Willing to Pay More?**—The rollbacks were applied to reduce the retail prices of butter, meat, and flour to consumers without reducing the prices received by farmers. The amount of the reductions has been paid by the government to the processors (BW—Jun. 19 '43, p5).

Agriculture Dept. economists believe that on present food supply-and-demand relationships butter could be hiked as much as 10¢ a lb., that consumers would also be willing to pay higher prices for meats.

The consumer's market basket may be somewhat balanced by an expected lowering of prices for poultry and eggs, as the production of these products exceeds the demand at present prices through winter and next spring.

• **Hopes to End Subsidies**—Secretary of Agriculture Clinton P. Anderson says that he wants to get rid of all food subsidies by next July. These subsidies, begun in 1942 and increased from time to time to encourage farm production and hold down the cost of living, have cost the federal government more than \$3,000,000,000.

About half of this year's subsidies of \$1,800,000,000 authorized by Congress through next June are Reconstruction Finance Corp. rollback payments on meats, butter, and flour; the remainder are principally on account of price supports to farmers.

Most of the rollback subsidies, begun in 1943 to offset reductions in retail food prices, would be rolled forward on consumers, who would pay higher prices. Butter is the first major item in this direction. Through Oct. 15, 1945, the RFC had paid out \$174,891,000 on butter rollbacks since June 1, 1943.

• **Would Lower Farm Supports**—Most of the remainder of the government subsidies would be eliminated by a



### EMERGENCY ASSIGNMENT—HEAT WITHOUT SMOKE

When the smokestack in the Louisville & Nashville's general office building in Louisville was temporarily out of commission, the company called in one of its own steam freight locomotives (above) to pinch-hit as furnace—and a smokeless one. The hand-fired engine—one of two that spelled each other—was connected with the building's heating system by a 4-in. pipeline. In mild weather, one engine used ten tons of coal daily to heat the 260,000 sq. ft. of floor space. And there was no soot because the locomotives were equipped with steam-air jets, installed in a number of L. & N. engines to enable them to devour their own smoke by combustion (BW—Oct. 28 '44, p19).

lowering of farm price supports on 1946 crops and livestock to the 90% of parity guaranteed by Congress for two years after the legal end of the war.

Currently, these farm price supports run as high as 130% of parity. Those involving subsidies include milk and dairy products; processed fruits and vegetables; domestic sugar beets and cane; oilseed crops such as soybeans, peanuts, flaxseed, and cottonseed; and dry beans.

• **Sugar Problem**—Cuban sugar stands in a separate category. Since last year, the import duties on Cuban sugar have been used to cover part of the increased price paid for Cuban raws as well as the subsidies on domestic production, in order to hold down consumer sugar prices.

Agriculture Dept. sugar specialists recommended last spring that the sugar subsidies (they totaled more than \$90,000,000 through last June) be passed on to consumers. Unless this is done, the sugar subsidies will be sharply increased through higher prices to be paid for the 1946 Cuban crop.

Unofficial reports indicate the government has offered \$3.67 per 100 lb. for the 1946 Cuban crop, as compared with \$3.10 in 1945, and \$2.65 in 1943 and 1944.

• **Direct Grants Later**—Anderson's major thesis is that now is the time to get rid of the rollbacks through higher retail prices while consumers still have full pocketbooks. Then—as and if market prices decline—the reductions will come out of producers.

Then, when farmers squawk over the lowering of their prices and income, all sorts of farm relief programs will be forthcoming: notably, an Administration-favored plan to guarantee farm income through direct Treasury grants (BW—Aug. 25 '45, p. 22).

Action on the farm income front would be taken prior to the 1946 congressional elections. Anderson's analytical Bureau of Agricultural Economics figures that, meantime, farmers will get close to ceiling prices for most of their products.

• **To Fight Reduction**—Anderson's biggest headache will come when he tries to cut the farmer dairy feed subsidy, already authorized by Congress at \$568,000,000 through next June. This subsidy was begun in 1943 in lieu of higher milk and butterfat prices to stem a decline in milk production at that time (BW—Oct. 23 '43, p. 54).

Another dairy quid pro quo was a feed wheat subsidy for all livestock producers, costing the federal government more than \$250,000,000, until this subsidy was discontinued last spring.

The dairy lobbyists would be willing to cut out or reduce all dairy feed and



## STREET SCENE

*In the U.S. to promote goodwill—and pin down a few trade agreements—Juan Antonio Rios, Chile's president, appeared in New York last week to aid Mayor La Guardia. Rios was principal figure at exercises changing the name of Manhattan's 6th Ave. to the Avenue of the Americas, a name shift designed to please Latin America but one which many unappreciative Gothamites, especially bus drivers, are stoutly ignoring.*

other subsidies on an equivalent lowering of production costs or an increase in market prices of milk and butterfat. BAE economists see little immediate prospect of lower costs either in dairy feed or in dairy farm wages, and the Administration won't go for an increase in milk prices. Proposals at any time to increase the price of milk, or of bread and sugar, invariably give political horrors to the incumbents of state and federal legislatures.

• **Peanut Protest**—As for oilseed crops, the Agriculture Dept. got a hot reaction from peanut producers last week when it proposed to cut the 1946 support price to \$140 a ton from this year's \$160.

The department has sold most of the peanuts to shellers at a profit, but the remainder of farmers' stock peanuts went to crushers at a loss. The loss of the 1944 crop was \$3,500,000 plus an \$8,500,000 subsidy on peanut butter.

Producers were willing to cut to \$150 a ton but no lower. They insisted that the \$150 would be 90% of parity of harvested nuts, as contrasted with the lower yield proposed through a blending of 90% of parity for shelled nuts and 90% of a comparable price for nuts.

Meanwhile, the subsidy on peanut butter in effect since 1943 is also slated for discard. This subsidy is 4¢ per lb. to effect a rollback of 6¢ per lb. in retail prices. Processors will be expected to absorb most of this reduction when the subsidy goes out.

• **Prices 130% of Parity**—The largest subsidy in the oilseeds group is on soybeans—\$53,000,000 through last June and \$42,000,000 estimated on the 1946 crops now being harvested. This subsidy is paid to processors in consideration for the payment of stipulated prices to growers.

The support price to farmers is \$2.00 per bu. for green or yellow soybean grading No. 2 or better. This is 30¢ bu. more than the processors can pay at current ceilings for oil and meal. It is also 130% of parity.

Instead of raising the ceilings of soybean oil and meal, the Agriculture Dept. proposes to eliminate the subsidy by cutting back the support to farmers on the 1946 crop. When farmers hear about this, department officials expect considerable complaint from the soybean belt.

• **CCC Needs Funds**—A primary consideration in Secretary Anderson's subsidy removal calculations is the rapid impairment of Commodity Credit Corp. funds. Through next June CCC will show cumulative subsidy losses of \$2,000,000,000 out of an authorized borrowing power of \$4,750,000,000. Congress has appropriated to date only \$400,000,000 of these losses.

An additional \$2,000,000,000 is tied up in CCC inventories and loans to producers, leaving only \$1,250,000,000 (including capital funds of \$100,000,000) for so-called price-supporting operations. As prices decline to or below farm support levels CCC will check out additional funds to support the market.

CCC won't come up for congressional renewal until after the 1946 elections. Meanwhile, the Secretary of Agriculture must go to Congress for replenishment of CCC funds, or specific appropriations to support prices at 90% of parity for two calendar years after the legal end of the war.

# Lieu of Controls—Cooperation

WPB's exit accents question of future relationship between business and government. Some industrialists believe that Ordnance Dept.'s mutual aid system can be adapted to peacetime uses.

With the abolition of the War Production Board, industry's drive for freedom from government controls inevitably will gather strength. Government agencies in general, and the Office of Economic Administration in particular, face a tooth-and-nail fight at every point where they try to retain their wartime grip on production and prices.

**Compromise Proposal**—Many industrialists—perhaps a majority—are urging that controls be abolished entirely, but an important group of business leaders is pushing a significant compromise. Their idea is to replace formal controls with a loose system of self-policed cooperation between industry and the government bureaus.

They concede that industry will have to tie itself in with government plans not only during reconversion but for years after the war when full employment is the great national issue. Their hope is that this can be accomplished through procedures which they consider of proved value to both industry and government.

**From Ordnance's Notebook**—The prototype of the cooperative arrangement that this group wants to set up is the system that the Ordnance Dept. of the Army used to put a government-industry team behind the "miracle" of war production. Because it will be mentioned frequently in coming months and because it may serve as a model for government-industry relations in peacetime, the Ordnance system is worth looking at.

One of the main features of Ordnance Dept. procurement has always been decentralization. Since 1921, Ord-

nance has been organized into 14 separate districts, following economic rather than military lines. Procurement officers are supposed to keep in close touch with all the manufacturers in their districts and to handle production problems on a case-by-case basis.

• **Along Product Lines**—When war orders began to pile up, around the middle of 1942, the geographical system had to be supplemented with a set of industry integrating committees, organized along product lines. One committee was formed for each bottleneck item. The chairman and deputy chairman were Ordnance officers. Each prime contractor making the item had a representative, who was supposed to be a production man, not a salesman.

The integration committee's job was to arrange swaps of know-how, materials, tools, and machines. It served as a general trouble-shooting agency as well as a clearinghouse for all the manufacturers working on the same product.

• **An Example**—A typical industry integrating committee was the one formed in June, 1942, to handle problems in the manufacture of intermediate-caliber antiaircraft gun carriages. The chairman was the chief of the artillery branch of the Ordnance Dept., the deputy chairman the chief of antiaircraft and fire control.

The assistant chairman was a vice-president of Firestone Tire & Rubber Co., one of the biggest contractors on the antiaircraft project. Industry representatives came from the Koppers Co., Bartlett-Hayward Division, Baltimore; Aetna Standard Engineering Corp., Youngstown, Ohio; Watertown Arsenal,

Watertown, Mass.; Firestone Tire & Rubber Co., Akron; J. I. Case Co., Racine, Wis.

• **Finding the Essentials**—Tools and components were the big problems at that time, and most of the committee's work consisted of rounding up scarce items in a hurry. In August, for instance, Aetna ran out of main transversing bearings for the 37-mm. gun and feared that it would have to stop production entirely. The committee arranged for Koppers to let Aetna have 80 bearings at once. Later it integrated stocks so that the following month Aetna was able to give up 200 bearings to Koppers.

In September, the committee had to expedite shipment on a grinder for the Messinger Bearing Corp., Philadelphia, which needed the machine in order to keep up deliveries to the antiaircraft contractors.

• **Boring Mills Diverted**—Later in the same month, it managed to divert two boring mills to Firestone. For most of the following year, it still was scrambling for tools and components.

The industry integrating committees were not the only ones to wrestle with the tool problem. Another feature of the Ordnance organization was a machine-tool panel for each district. These panels were made up of machine-tool specialists. Their job was to keep track of all the available tools in their districts and to try to put existing tools to work before the contractors ordered new ones. Their work tied in closely with the Ordnance districts and with the integrating committees.

• **Campbell's Advisers**—At the top of the whole setup was Lieut. Gen. Levin H. Campbell, Jr., Chief of Ordnance, who prides himself on a salty vocabulary and a record for getting out production in enormous quantities. For advice on general policy and help in tackling specific problems, Campbell called in a loosely knit advisory board made up of big-time industrialists: Lewis Brown, president of Johns-Manville; K. T.



for central planning and trouble-shooting in wartime production, Lt. Gen. Levin H. Campbell, Jr. (center), Chief of Ordnance, leaned heavily on his four informal advisers

(left to right): Benjamin F. Fairless, U.S. Steel president, Lewis H. Brown, president of Johns-Manville, K. T. Keller, president of Chrysler, and Bernard Baruch.



Keller, president of Chrysler Corp.; Benjamin Fairless, president of U. S. Steel; and Bernard Baruch.

The advisory board worked as a group on central production planning. The individual members—particularly Keller and Brown—did trouble-shooting and bottleneck-breaking whenever production of an item got behind schedule.

• **Voluntary Arrangement**—Both Campbell and his civilian advisers stress the fact that the whole system was voluntary. No manufacturer was compelled to play ball with the integrating committees. None could be forced to deal with the machine-tool panel when they wanted new equipment. All participated voluntarily without formal rules or requirements.

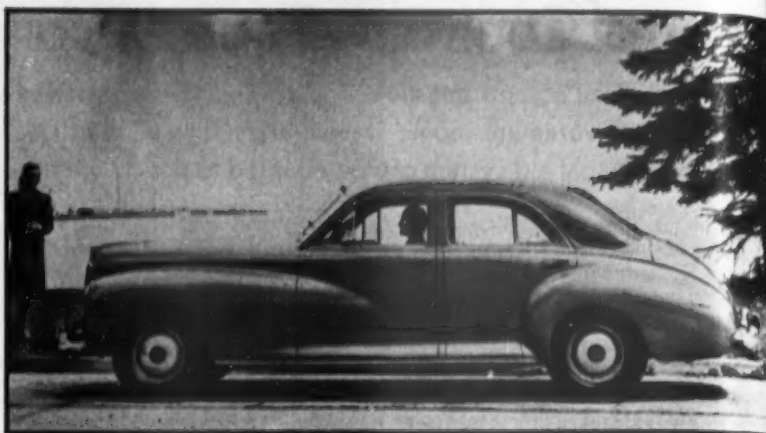
This is the kind of cooperative system which many businessmen want to see adapted to the reconversion period. In their opinion, the voluntary method can handle price and production problems over the next year or so just as well as it handled wartime problems.

• **What Was Accomplished**—No agency, government or civilian, can dispute the results that the Ordnance Dept. produced during the war. Altogether, it spent some \$38,000,000,000. It turned out 18,000,000 tons of explosives, 750,000 artillery pieces, 88,000 tanks, 133,571 miscellaneous combat vehicles, 2,500,000 trucks.

Adapting the Ordnance system to reconversion problems raises new questions, however. For one thing, the voluntary organization of panels and committees functioned against the background of strict controls administered by WPB and OPA. For another, the patriotic motive that held competitors together during war will be weakening fast as reconversion progresses. Finally, there is the question of how any co-operative program would jibe with the antitrust laws. The industry integrating committees had to be protected by a special law and a dispensation from the Dept. of Justice.

• **In That Direction**—To some extent, however, the basic principles of this plan already have become typical policy. Almost all direct production controls are gone. With the exception of a few scarce commodities—tin, rubber, and the like—materials controls are off. Reconversion problems in the freed lines are being handled informally under a voluntary system very similar in principle to the one that Ordnance used.

The business leaders who had a hand in the success of such methods in wartime insist that the system could be extended formally over a far wider area to insure government appreciation of industry's complexities and to carry out government policies which necessarily affect industry.



## ANOTHER IN THE PRODUCTION PROCESSION

Packard's 1946 models, for early November showings, follow the styling of the prewar Clipper series—with the exception of a restyled radiator grille and heavier bumper treatment. Mechanically, the postwar Packard boasts of a new steering gear device, improved crankshaft bearings. A choice of standard and deluxe models will be offered in four series. Production for the rest of 1945 is scheduled at 8,000; the annual output goal is around 115,000 cars. Added automobile production note: Ford Motor Co. has announced plans to enlarge its Memphis (Tenn.) plant so as practically to double operations there.

## W. U. on the Air

Telegraph company adopts high frequency radio for use on heavy traffic circuits. System dooms conventional pole lines.

Convinced that super-high frequency radio relay will supersede conventional wired systems on heavy traffic telegraphic circuits, Western Union Telegraph Co. this week announced that it expected to link all major U. S. cities by radio relay within the next seven years.

• **Wire Circuits Obsolete**—Six months after setting up its first experimental circuit between New York and Philadelphia (BW—Mar. 31 '45, p. 42), Western Union was ready to go ahead with a program that will make obsolete hundreds of thousands of miles of wire circuits in its present 2,300,000-mile telegraphic network. In their place will rise radio relay towers at intervals of around 30 miles (since radio relay depends on line-of-sight transmission, spacing will vary according to terrain).

First step in the expansion will be construction of an enlarged "experimental" system interconnecting New York, Pittsburgh, and Washington. Application already has been made to the Federal Communications Commission

for permission to operate. Its establishment will permit eventual removal of some 2,500 miles of pole lines, 54,000 miles of wire, and 160 miles of aerial and underground cable.

• **Simultaneous Transmissions**—Each leg of the circuit will have radio beams in each direction, and each beam could handle up to 1,080 telegrams simultaneously. The radio relay facilities, however, probably will be used in part for other types of transmission, including facsimile, leased telegraph network, and private phone circuits for companies.

Besides providing more telegraphic channels (the present wire system permits transmission of 36 messages on single pair of wires), radio relay is expected to produce operating economies, reduce maintenance, and give greater speed and flexibility of service.

The change-over on major traffic circuits may be accomplished as far west as Kansas City within five years. The program is part of \$62,000,000 in improvements for which plans are definitely scheduled.

• **FM Used**—Western Union's present New York-Philadelphia radio relay operates on a frequency of 4,000 megacycles. The new system will use frequencies somewhere between 3,000 mc. and 15,000 mc. FM is employed, and the company last week concluded a licensing agreement with Maj. Edwin H. Armstrong, owner of FM patents.



# The City That Atoms Built

Oak Ridge, the hush-hush town in Tennessee, is managed for the Army by private construction concern which directed municipal housekeeping, left consumer services to concessionaires.

The atomic bomb's promise to humanity of emancipation or extinction has focused attention on the scientists and obscured the feats of complementary groups in the \$2,000,000,000 gamble. An important contribution was the management of Oak Ridge, Tenn., by the Turner Construction Co., New York.

**City in a Meadow**—Imagine a private concern directing all the activities of a city the size of Topeka, Kan., and you have an idea. But it is only a rough idea because Topeka and its functions enlarged gradually, while Oak Ridge's development was explosive. In less than two years it grew from bare farm lands to a city of 75,000.

It had to be a secret city. Here was the headquarters of the Manhattan District, the disguise under which the entire project traveled. Engineers heard whispers of the vast plants and settlements of the Clinton Engineer Works which took its name from the old town of Clinton, Tenn. But few people had even heard of Oak Ridge, the hush-hush city eight miles from Clinton, until the first bomb blew Hiroshima off the map and the lid off the mystery.

**Municipal Housekeeper**—The Clinton Engineer Works, including Oak Ridge,

is a 59,000-acre Army reservation 17 miles long and nine miles across at its widest point. The entire area is still under the complete control of the Army and the Turner Construction Co. administers Oak Ridge under strict Army supervision. As Clinton N. Hernandez, Turner's Oak Ridge manager, puts it, "We just furnish doughnuts and coffee to the men who built the atomic bomb."

That is a monumental understatement. The job involved meeting the needs and soothing the irritations of a raw, new city seven miles long by two miles wide where four men moved off the job every year to each worker who stuck. The Army built the town but it had its hands full with the bomb project without taking on municipal housekeeping for 75,000 civilians.

**Adventure in Management**—In September, 1943, the Corps of Engineers, U. S. A., asked Turner Construction to take over at Oak Ridge; the Army had liked the way Turner handled an airfield job at Rome, N. Y. It was an unorthodox assignment for a construction concern since no building was involved but all the country's management engineers were up to their collar buttons in war work already. Nobody



Clinton N. Hernandez, in effect the city manager of Oak Ridge, punctuates his directives with a fly swatter.

has ever been asked to manage a city of 75,000 so it was a pioneering adventure anyhow. Would Turner please adopt Oak Ridge?

Turner accepted the contract on a "small" fixed fee basis. Oak Ridge had a city council but it was purely advisory since the Army wielded sole authority over the reservation. Thus Turner became responsible for paving, water supply, lighting, central steam plant, sewage and garbage disposal. The



Oak Ridge, the rural crossroads that exploded into a city, is no model of municipal planning. It just expanded.



Modern apartments (above) typify an attempt to provide workers in the secret city with cheap, efficient housing.

Army retained control over the police, fire department, the 300-bed hospital, but Turner had to pay the personnel and maintain the buildings.

• **Sprawling Community**—Turner's task was complicated by the lay-out of the town. It had no idealized street and area blueprint which city planners might applaud. The town grew as the bomb project grew, so that Oak Ridge is a series of small towns each with its shopping center, rather than a compact municipal unit.

Unusual small chores were mixed in with the big ones. Thus Turner had to maintain the 57 cemeteries (some family plots of a single visible grave) within the Oak Ridge boundaries. Until the company surfaced the 300 miles of streets they were an alternate mess of red mud and red dust. Particles settled on the scraggly lawns about the

unadorned prefabricated houses. Through the company, the Army furnished grass seed and lawn tools free to residents and the red scars began disappearing under patches of green. The company also ran the dog pound.

• **Landlord and Educator**—Turner had to rent and service nearly 10,000 houses and apartments, dormitories with 13,000 rooms, hutments and barracks with 16,000 spaces, 5,000 trailers and a complete hotel. (Workers who have moved out now appreciate the comfortable Oak Ridge houses that rented for as low as \$22 a month, with coal, TVA power, and garbage collection included.)

Also under Turner's wing were the educational buildings—a high school, a junior high school, and eight elementary schools. It also acted for the Army landlord by servicing all commercial structures.

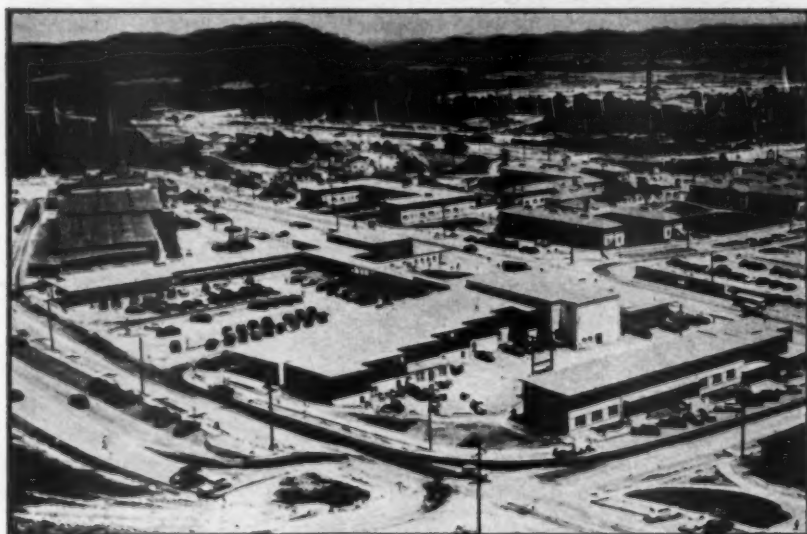
• **Balance Sheet**—The government control boys will get little comfort from the Oak Ridge operation. Turner officials emphasize the fact that running the town was costly, that efforts were focused on housing and holding workers necessary to a war development, that they discovered little if anything new about municipal efficiencies, that they could not have mastered the task if they had not applied the familiar profit incentives of a free economy.

As a central device, Turner formed a subsidiary management company, the Roane-Anderson Co. named for the two counties in which the project was situated. It functions through 51 offices segregated into six divisions: supervisory, maintenance, operations, utilities, transportation, accounts. George E. Horr, vice-president of Turner, became liaison man between Rome-Anderson and the parent organization. Lt. Col. John S. Hodgson, Corps of Engineers, was in direct charge for the Army.

• **Oak Ridge Boss**—Hernandez was a natural for the complex job of managing the secret city. In his home town of Yonkers, N. Y., he had headed his own construction company. More than that, he had acquired a sense of community responsibility through his work with the Yonkers Chamber of Commerce, the Rotary Club, and other civic organizations. He is a man of medium height, thick through the chest and shoulders, with dark brown eyes and hair inherited from the Cubans among his ancestors.

"I am a pick-and-shovel engineer," grins Hernandez. Meaning that he learned through experience rather than in the class rooms of lofty technical colleges.

• **No Social Test Tube**—As he talks, the boss of Oak Ridge destroys flies with a deft swatter, his backhand stroke being especially impressive. (Swatters are standard equipment for Oak Ridge



The main Oak Ridge shopping center is Jackson Square—which boasts a department store. Like the atomic bomb plants, it is nestled in a valley.

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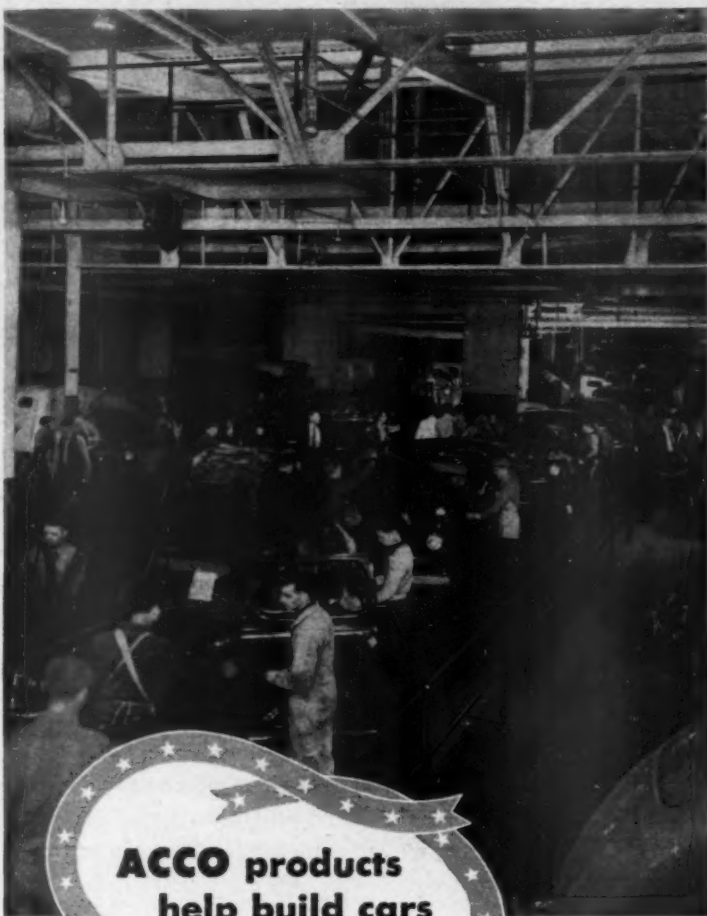


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**ACCO products  
help build cars  
and trucks**

PASSENGER CARS, trucks and buses are now rolling off assembly lines, using many products of the various divisions of American Chain & Cable.

Expediting the flow of production are cranes and hoists, manufactured by the Wright division. Strong, dependable slings that help to move heavy machinery and parts are made of wire rope from American Cable and Hazard divisions, or chain from the American Chain division. Plant pipe lines are controlled with valves from the Reading-Pratt & Cady division.

Other ACCO products go into the vehicles themselves. Brake cable, Push-Pull controls and Tru-Stop emergency brakes, made by the Automotive and Aircraft division, provide positive control and greater safety. Chain is used for robe rails. From Page Steel & Wire come welding electrodes and steel wire for many applications.

*These are only a few of the primary products made by the 15 divisions of ACCO: Chain • Wire Rope • Aircraft Cable • Fence • Welding Wire • Cutting Machines • Castings • Wire • Springs • Lawn Mowers • Bolts & Nuts • Hardness Testers • Hoists & Cranes • Valves*

**ACCO**



**BUY VICTORY BONDS**

**AMERICAN CHAIN & CABLE • BRIDGEPORT CONNECTICUT**

offices.) There is nothing fancy about the composition paneling and carpetless floors of his headquarters.

"Get this point straight," cautioned Hernandez with an admonitory wave of his swatter, "we aren't trying any social experiments here. Our system is to get a particular operation set up and going, then turn it over to an experienced man in the business who pays the government a percentage of his gross income."

• **Concession Plan Preferred**—Through this device of concessionaires, Hernandez has cut his managerial force from 10,000 to 4,000 and hopes to reduce it further. His chief worry is executive manpower. Unable at first to find a taker for his bus lines, Hernandez turned them over to Charles J. Meyer, a member of his staff whose background was community relations.

The Oak Ridge bus operations ranked as the ninth largest in the U. S. Originally there were ten to twelve contractors who ran passenger services not only inside Oak Ridge but within a 75-mile radius outside.

Meyer was glad to turn loose this hot potato when a group of Greyhound officials was induced to form a company—American Industrial Transit—to take over all buses in and outside the reservation. Passenger pressure has eased somewhat, as the radius served has shrunk to 40 miles and the Oak Ridge population has subsided from 75,000 to about 65,000.

• **Chain Stores Cautious**—Chains were reluctant to come into Oak Ridge since they didn't know how long the activity



Real boss of Oak Ridge is Lt. Col. John S. Hodgson, who translates military needs but leaves details of municipal administration up to civilians.



**"Check"  
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Let your Hartford agent or your broker "check" that fur coat, not just while you are dining or dancing, but twenty-four hours a day—"check" it by providing you with adequate *insurance*.

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## What's cooking ... trouble?



Serious trouble, maybe! What if a guest is made ill by food served in your home?—and such things do happen through no fault of the hostess. You'd want your friends to have expert medical attention.

That would be assured if you have Hartford Comprehensive Personal Liability Insurance. This modern policy pays medical expense for injuries to visitors to your home and also covers claims and lawsuits.



## Must the accident rate go up?

Already there are danger signs in the newspapers: more gasoline, more driving and more accidents. *Must* more driving mean more accidents? Not if we all drive carefully and keep war-weary cars in good condition. Check your car—and your driving habits—for safety!



## Tune in on the news ... with Earl Godwin

Here's the important Washington news—expertly analyzed—by Earl Godwin, "Dean of the Capital's Newscasters." It's brought to you every Thursday evening by the American Broadcasting Company, sponsored by the Hartford and other leading capital stock fire insurance companies. See your local paper for time and station.

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Included among Oak Ridge's 165 business establishments are 13 supermarkets which heed OPA ceilings, pay a percentage rent based on gross receipts.

would last. However some were induced to open shop on assurance of heavy volume. Contracts on all concessions went to the highest bidder. Buildings were furnished but not fixtures.

Chains at Oak Ridge include A. & P., McCrory's, Jewell-Lee shops, Firestone (tires and merchandise). The town has 13 supermarkets, nine drug stores, seven theaters, 17 major eating places, a total of 165 business establishments of all types. There is a farmers' market for fresh produce. Miller's (main store in Knoxville) is the largest department store.

Knoxville stores had one ironic problem. Despite the soaring consumer demand from Oak Ridge, merchants were barred by security rules from disclosing to their suppliers why they needed an increase in the quotas of scarce goods assigned to them.

Commercial properties in Oak Ridge were not rented to operators on a flat monthly basis but were licensed on contracts whereby the government was paid a percentage of gross receipts. This method of renting commercial properties is in common use in high-value sections of many cities.

Generally speaking, the percentages charged at Oak Ridge were comparable to those prevalent in permanent communities. For example a merchant might operate under an agreement whereby his monthly rental was 10% of his gross income; thus for a monthly gross of \$10,000 the licensee would pay Uncle Sam a rental of \$1,000. In the case of stores with large volume and thin profit margins, percentages were lower.

• **Confidence in Future**—Washington is still trying to make up its mind what to

do about the atomic bomb, but businessmen who have signed up for concessions at Oak Ridge signified their confidence in the future of the project and the economic importance of atomic energy.

The most recent contract of this sort was signed in October by Eugene L. de Hegh, Arlington, Va., as head of a company to take over the Oak Ridge laundry. Other concessionaires include: Canteen Food Service, Chicago, three principal cafeterias; Tucker & Capiello, smaller cafeteria and lunch bar; Tennessee Sport Service, lunch room; F. & M. Ice Co., ice business; Oak Ridge Service Assn., coal business; Gibson Service Management, trailer camps; Tri-State Home Co., housing; Leatherman & Alley, and Galbreath & Moore, dormitories; Oak Ridge Collection Service, refuse removal.

• **Army Farms Abandoned**—When Turner took over, it found the Army operating farms in the area. In August, 1944, there were 640 acres under cultivation, 776 beef cattle and 5,375 chickens on hand. The Hernandez regime abandoned all this except the cattle which now graze the open land. Retention of the steers was caused by the meat shortage and a reluctance to raid neighboring markets. Beef is slaughtered at a Roane-Anderson plant whose output in August this year was 233,293 lbs. of chilled meat.

These supplies are sold to food concessionaires in Oak Ridge, are a discouragement to black market operations. A cigarette crisis occurred last summer which also was solved by direct action. The Army, through the Turner company, restored normal prices by buying

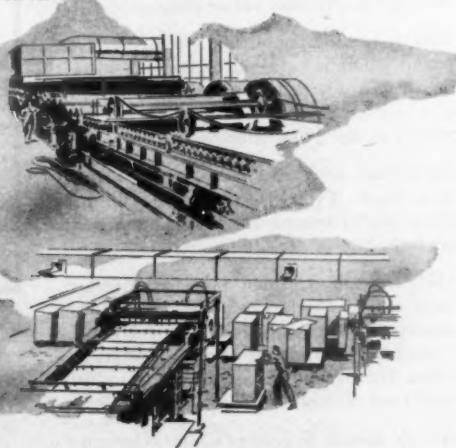


# How much *Air* to make the magazine you're reading?

**THE EGYPTIANS HAD A WORD FOR IT**—Papyrus. But paper, such as this page, is a far cry from their slow, laborious product. Today, over 17 million tons a year—more than 250 pounds for everybody in the country—march by the mile from block long machines—to tunes called by "Air at Work". Here's the how of it:—

Paper starts with big logs that must first be debarked and whittled down to three or four inch chips. "Air at Work" then takes over to carry bark and sawdust to furnace fires, and convey the clean chips to digesters. AIR is on guard here—to drive away noxious fumes—and again while the mixture is screened, washed, bleached and "beaten" into a soft, fluid slurry. This is dried (another job for "Air at Work")—or piped direct to the "Wet End" of the paper machine.

Here the paper begins to take form on an endless belt of wire mesh. As water drains out, the fibres are spread and shaken into close formation. This wet ribbon—now up to 20 feet wide—parades between steam heated and felt covered rollers where "Air at Work" must again carry off the last vestige of moisture created in the room. After calendaring to obtain the desired surface, paper is ready for the printer—where Sturtevant Air Conditioning is probably on the job to assure proper "register" and uniform presswork. Figuring this as an average issue, to bring this 4 ounce magazine from forest to fireside calls for approximately 21 pounds of *Engineered Air*!



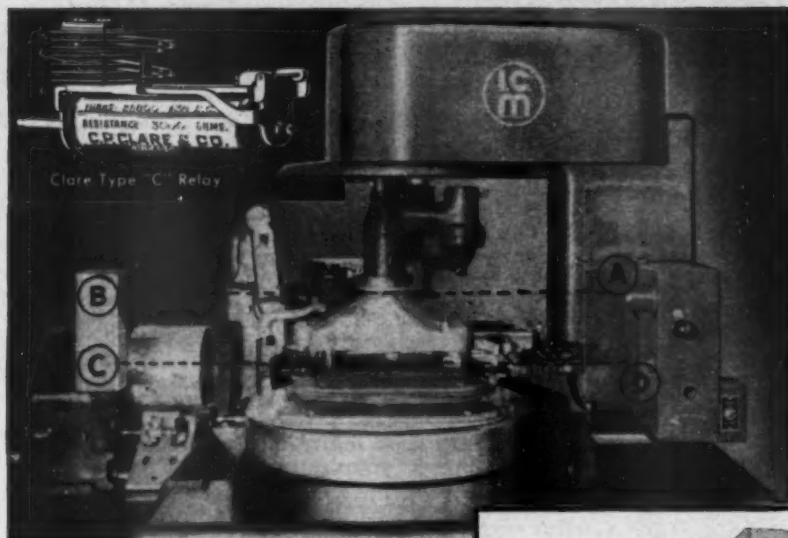
"Air at Work" has over 20 different jobs to do at various stages of paper-making, and delivers—for every ton of paper—an average of 170 tons of air!

**ROLL-CALL OF PRODUCTS**, in which "Air at Work" contributes to quantity, quality and economy is practically endless. For, wherever ventilating, heating, air conditioning, dust and fume control or better combustion are vital to manufacturing processes—there you find Sturtevant *Engineered Air*. This production tool probably offers valuable possibilities for your postwar plans.

**B. F. STURTEVANT COMPANY**  
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**Sturtevant**  
*Puts Air to Work*

# CLARE "Custom-Built" RELAY Helps To Protect Workers Using This Cigar Rolling Machine



Users of this cigar rolling equipment of the International Cigar Machinery Company are completely protected by this photo-electric safety control which stops the machine the instant the hands move toward the pressure cutter rollers.

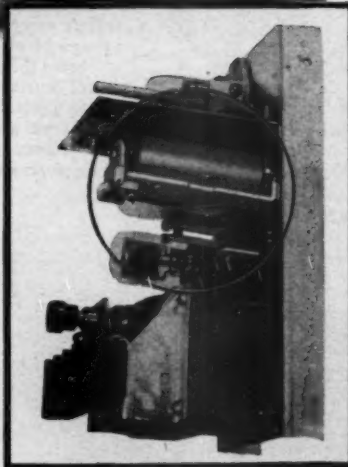
This is accomplished by two protective beams of light originating at (A), passing to (B), where an angle mirror reflects to a similar mirror at (C), which in turn reflects to the photo-electric cell (D).

Connected with the photo-electric cell is a Clare Type "C" "Custom-Built" Relay which acts to cut the current when the light beams are interrupted.

The Electronic Control used by International Cigar Machinery Company is designed and manufactured by the United Cinephone Corporation of Torrington, Conn. This is but one of the many industrial controls in which United Cinephone makes use of Clare "Custom-Built" Relays.

In such special functions Clare "Custom-Built" Relays can be counted on to give maximum reliability. The flexibility of Clare design offers a relay that gives exceptional service, long life and absolute dependability for the specific requirement.

Your engineers should know all about Clare "Custom-Built" Relays. Send for the Clare catalog and data book today. Address: C. P. Clare & Co., 4719 West Sunny-side Avenue, Chicago 30, Illinois. Sales engineers in principal cities. Cable address: CLARELAY.



Exposed view of Electronic Unit  
showing Clare Type "C" Relay.

\$357,000 of cigarettes direct from manufacturers and apportioning them among Oak Ridge outlets.

• **OPA Prices Prevailed**—Oak Ridge operated under regular Office of Price Administration ceilings. Reports that residents were victimized because the Army didn't want to attract attention to the town with OPA hearings are vigorously denied. The Oak Ridge Journal (weekly; circulation 27,000) reported on Aug. 9 that Hoskins Drug Store was fined \$50 for selling an electric appliance above the ceiling; that a cafe was assessed \$25 for midget portions of steak and ice cream; that two other charges of violations were pending.

Turner Construction had no responsibility in such cases; they are handled by a price control board. Law enforcement is left to the Army which turns civilian culprits over to county or federal authorities according to the nature of the crime. Federal and county supervision runs the schools.

• **Plants Still Running**—The fate of Oak Ridge rests with Congress and its decision concerning the atomic bomb. The huge plants are still running. Should they shut down nobody is going to stay in Oak Ridge for aesthetic reasons.

Turner Construction Co.'s contract with the Army terminates six months after the war emergency ends, a highly nebulous date. Meanwhile, Hernandez and his associates do their work, swat their flies, turn in minutely detailed monthly reports to the District Engineer, U.S.A.

## PETRILLO TANGLES FM

James C. Petrillo, president of the American Federation of Musicians, famed his standing feud with the radio broadcasting industry to a new heat this week by announcing that, as of next week, broadcasters will have to employ twice as many musicians for any program sent out over both standard (AM) and FM stations.

Petrillo's ultimatum was delivered to six stations (affiliates of NBC, CBS, and Mutual network) that have FM outlets and that broadcast leading musical programs simultaneously over AM and FM frequencies. The networks immediately announced that Petrillo's policy would retard FM's development by "many years."

Broadcasters are particularly bitter because Petrillo's maneuver comes at a time when the industry thinks it has finally convinced the Federal Communications Commission that duplicate programming is O.K. FCC once favored separate programming, presumably because it would have given established AM less of a head start in developing this new field.

# CLARE RELAYS

"CUSTOM-BUILT" Multiple Contact Relays for Electrical, Electronic and Industrial Use

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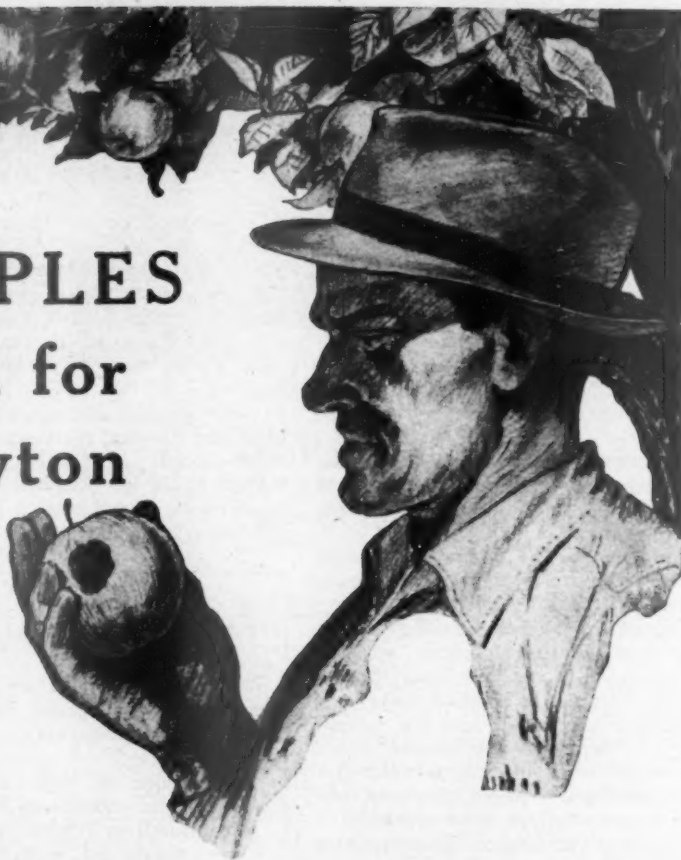
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# FALLING APPLES

## are only good for Sir Isaac Newton



**W**HEN apples drop from trees, their market value takes a severe drop, too. Bruised or damaged apples attract very few buyers at any price.

Plant hormones will retard dropping. But they must make contact with the tissues deep down in the stems that hold the fruit on the twig. Used with hormone extracts, an Atlas spreader breaks up the beads of moisture that tend to form on the fruit. It carries the hormones down where they count.

Orchardists report a big increase in the number of apples *picked* from sprayed trees, and a marked improvement in apples picked when the spray contained the Atlas spreader.

The effective spreading and wetting power of this Atlas chemical material is but one

aspect of the wide usefulness of these materials. For example, Atlas Spans and Tweens, because of their complex chemical nature, can be adjusted to meet most any emulsifying, detergent, or wetting problem—in paints, cutting oils, insecticides, textile dressings, fruits and beverages, cosmetics and pharmaceuticals, and many another industrial preparation.

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# Meat Scarcity on the Wane

Restoration of set-asides of lower-grade beef for needy nations cuts into supply gains brought by V-J Day, but livestock experts expect trend toward prewar normal early next year.

Agricultural economists with a bent for prophecy are chewing their pencils in frustration as they attempt to forecast how much meat the United States will produce from now on for its own use and for the needy nations. The equation can be set up, but it contains more unknown quantities than a mathematician can determine in the light of present facts.

• **Knowns:**—The huge herds of cattle on the range; the small number of hogs of marketable age; the 3,000,000,000 bu. of corn crop.

• **Unknowns:**—The proportion of corn that frost nipped before it was ripe, leaving it soft and good only for feeding to livestock before warm spring weather can spoil it; national income, with its effect upon domestic demand; how much meat will be shipped abroad, according to urgency of need and prevailing sentiment at home; possible shifts or withdrawals of federal controls—livestock support prices, producer subsidies, grain ceilings, meat rationing.

For a while late in the summer it had looked as though everything might work out simply. From the week after Japan quit, problems seemed to melt. Housewives whose red coupons had for months been hard to spend found meat steadily easier to buy. So did retailers.

• **Eating Up the Stockpile:**—Meat packers were cheerful, too. Washington suspended set-aside orders in August and early September, thus permitted some military tonnages to reach the civilian.

To the quiet astonishment of the trade, the Army and Navy cut their purchases to a trickle. Even more astonishing, they systematically set about eating up the canned, cured, boned, and frozen meats that they had accumulated during their war years.

• **A Start to Normalcy:**—The black market was definitely on the run, routed by increasingly adequate volumes of meat in legitimate channels at ceiling prices. Everything indicated that we were gradually getting back to a pre-war balance of supply and demand.

Two weeks ago set-asides were restored on the lower grades of beef and, less important because quantities are relatively so small, upon veal and mutton. Purpose of the new federal buying is to provide meat for shipment to foreign nations.

• **For Export, 30% of U. S. Beef:**—The beef order requires 30% of commercial

grade, 40% of utility grade, 50% of canners and cutters. The top grades prized by connoisseurs are exempted.

Presumably typical of the industry, one large packer finds that 70% of his kill currently consists of the three set-aside grades, and the order takes at least 40% of this 70%. Thus, 28% to 30% seems a fair estimate of the total beef production now being channeled abroad.

• **High Prices for Slaughter:**—Few consumers have as yet noticed it, but retail dealers are getting shorter ship-

ments, and the black market has already felt the transfusion. The federal export goal is set at 450,000,000 lb. of beef during the fourth quarter of 1945, and about 150,000,000 lb. of other meat. Even though these exports are of quantities least in demand at home, the total withdrawals constitute a substantial fraction of total output and increase the market pressure upon what is left.

Best measure of the pressure is price. In a free market, about 40,000 beef cattle normally reach the Chicago Stock Yards during any October week, and these only 40 to 50 head bring the week's top price. With the lid clamped on at \$18 per cwt., Chicago basis, out of 44,000 cattle received there last week more than 4,000 head sold at this overriding ceiling price.

• **Feedlot Fears:**—Weight of cattle in Chicago is currently averaging about 7 lb. less than in 1941, which should

## Frozen Orange Juice in Cellophane Bags

As the housewife buys frozen peas, and dodges the shelling, now she can buy frozen orange juice, and dodge the squeezing.

The juice of Valencia oranges, available ten months in the year, is being frozen in 1-lb. slabs (left) by Citrus Foods, Inc. of Los Angeles, sealed in cellophane bags (right), and packaged for distribution in a fiber board carton. The company sells to frozen food companies, which thus add one more item to the rapidly growing stocks available in the frozen food cabinets.

In California, frozen orange juice got a fine start in the early 1930's, when proprietors of roadside stands developed a home product. Commercial production followed, and reached nearly 3,300,000 lb. by 1938, and then dropped below 700,000 lb., as juice was concentrated and canned

for the military services and lend-lease. Now the industry has been reborn, with several companies active. Citrus Foods, Inc., is the newest, and may move into the Valencia orange area of Orange County, to be near the fruit, also the labor supply and the market offered by Los Angeles.

Lemon and grapefruit juice are to be added this winter. Orange juice is like milk and some other food products, in that it has to be frozen quickly, in from 20 to 30 minutes, to set the solids, and eliminate the water. The frozen product is not price competitive with juice from fresh oranges, but meets a convenience demand, and also supplies fresh juice to areas that cannot obtain fresh oranges all year round. In addition to its present 1-lb. package, the company is readying a 6-lb. container for institutional use.



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duce by 40,000,000 lb. the year's tonnage slaughtered there. Reason low prevailing weights is that good quality cattle ceilings are set low in relation to the cost of the grain it takes to beef on thin stock.

Feedlot operators have been reluctant to pay the prices that packers can afford to bid for range cattle, have been fully awaiting a drop of 50¢ to \$1 cwt. Now, however, the advent of corn makes feeding more attractive. Corn Belt Farm Dailies report an upward swing of feeder buying, in September only 7% below a year ago.

• **How Much Is Soft?**—The quantity of soft corn is still debated. Estimates all over the lot. A recent government figure is 7% of the Corn Belt's total crop. But last week three veteran cattlemen made a survey of Iowa, Missouri and Nebraska corn, came up with an appraisal that 65% of the corn in the three big feeder states is good, 25% soft and 10% good for silage or nothing.

Big-packer livestock buyers are sharp judges of trends. Consensus among some of the best is that by next spring or summer the supply of meat may well be at prewar normal in relation to demand with prices generally below the ceiling. They expect that the trend toward easier situation will resume early in 1946, unless heavy shipments go abroad.

• **How Much More Pork?**—Hog slaughter is now running 40% to 50% below last year, but this figure is due for an early shift. November-December slaughtering is estimated 30% to 40% below January, 1946, likely to be only a trifle below this year. Thereafter increases are due. February should be 30% above this year, and subsequent months 10% to 20% over year levels. Government figures show a substantially greater slaughter in 1946 than in 1945, but packer hog experts open to doubt it.

The supply of soft corn will hold back shipment of hogs on many farms in all of this grain is converted into pork. Recent relaxations of weight limits, federal hog price supports make it possible to feed up to 400 lb. The average of lard and rendered pork fat production per head will probably soar above 35-lb. record recently reached.

### BETHLEHEM EXPANSION

Bethlehem Steel Co. isn't letting the to-do over peacetime operation wartime western steel facilities interfere with its own plans for expanding to meet market requirements on the Pacific Coast.

Like U. S. Steel Corp. (BW-18'45,p40), Bethlehem is proceeding serenely with a program, announced this week, to construct new steelmaking



and finishing facilities at Los Angeles costing between \$7,000,000 and \$8,000,000. Ground will be broken for the project early in 1946. A further expansion at least as great will be undertaken "as soon as peacetime markets warrant."

The new facilities will include an openhearth furnace of 4,000 tons' capacity per month, plus equipment to turn out a full range of wire rods, a wide range of bars, and bright wire.

## Johnston's Premier

**U.S. Chamber of Commerce head finds self in a titular role as he applies personality to Hollywood labor tangle.**

As president of the U. S. Chamber of Commerce, Eric Johnston has probably eaten more roast chicken at luncheon and dinner meetings with labor leaders than any other business representative of the last decade. Both hard-headed A.F.L. bosses and C.I.O. visionaries have found him persuasive and personable. Even John L. Lewis was once heard to make a kindly comment about him.

Johnston has shown an unmistakable flair for formulating general statements of "principles" and getting people of apparently diverse interests to subscribe to them. His most widely publicized piece of work in his chosen field is last spring's agreement between business, which he represented, and labor, represented by A.F.L.'s William Green and C.I.O.'s Philip Murray, to outlaw postwar labor strife (BW-Apr. 7 '45, p. 80).

**Trading Words?**—Businessmen have regarded him variously. Some of his sharper critics in the National Assn. of Manufacturers have called him an "irresponsible glamor boy" who got along so well with labor because he was only trading words. This week, however, with his famous postwar labor peace pact long since sent to a paper salvage depot, Johnston had finished his first inning trying to apply some of the reasonableness with which his name has long been associated in labor matters.

Hollywood welcomed his announcement from Cincinnati, where he had met with A.F.L.'s executive council, that the seven-month-old studio strike had been settled. It was his first big test as the new czar of movies (BW-Sep. 22 '45, p. 7). But the industry was waiting anxiously at midweek to see how the pickets felt about it.

**Token Forces**—When Johnston arrived in Hollywood last week, exuding confidence that the strike would yield



**A New Force...in Sheet Metal Production**

*View in Plant of ACF-Brill Motors Company*

*In the foreground is shown a plaster-of-paris pattern from which the Kirk-site die shown in the CECOSTAMP was cast. Dies are inexpensive, quickly made, and salvageable.*

Typical of the work being produced on the CECOSTAMP are the stampings shown in the photograph above, taken in the sheet metal shop of one of the country's largest builders of rail car and bus bodies. The parts shown, and the dies from which they are made are an indication of the possibilities of this newest form of sheet metal production equipment.

The CECOSTAMP is a high-production, impact-type stamp designed to form metal parts from sheets of high strength and great resilience. It was designed by Chambersburg engineers to solve the immediate and urgent sheet metal production problems of the aircraft industry and is in use in practically every aircraft factory.

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to orthodox settlement techniques, they reduced mass picket lines to token forces before the Universal, Columbia, and RKO-Pathé studios. These producers are members of the Motion Picture Producers & Distributors of America, the so-called Hays office which pays Johnston \$100,000 a year.

For more than a week, the picket lines at these studios were demobilized to a token force, ostensibly to give Johnston a chance to find a peace formula.

Then, with a resurgence of militant mass picketing before the gates of Paramount, Republic, and Warner Bros., the strike reached a new peak of violence. Fifty persons, including one policeman of a special detail assigned to main-

tain order at the Paramount studio entrance, were injured and 13 were arrested as pickets and employees traded blows.

• **Talked Out of It**—What looked as though it would develop into an equally bloody encounter at the Republic studio gates was averted when Herbert Yates, company president, used a loud speaker to ask that all employees return to their homes.

After the heated efforts to get the warring factions together, Johnston this week flew to Cincinnati to appeal to the A.F.L. executive council, in session there, for help in unraveling jurisdictional issues.

Although the strike persists, the

grievance which caused the walkout last Mar. 12 was settled two weeks ago. That was the demand of painters Local 1421 for recognition as bargaining agency for 50-odd set decorators employed in eight big studios. That demand was contested by the International Alliance of Theatrical Stage Employees, which represents most of the studio technicians and which holds a big whip over the producers by virtue of its jurisdiction over projectionists in all motion picture theaters.

• **NWLB's Role**—Last winter the National War Labor Board took a hand in the jurisdictional squabble on the ground that any friction in labor relations was a menace to the war effort. An

## New Movie Czar Picks Krug of WPB as His Grand Duke

Eric Johnston is writing his own ticket as movie czar.

This seemed probable when it was disclosed some weeks ago that he reserved the right to shelve his contract without yielding the same right to the producers who employed him (BW—Sep. 22'45, p7).

It seemed much more certain last week when he called the big producers together in Hollywood and unveiled the man who will wield the big stick for him in the movie capital—Julius Albert Krug.

• **Including a Biography**—Krug was coy, retired to Palm Springs to think it over. But the fact that the publicity mill of the Hays office immedi-

ately ground out a thumbnail biography of him left little doubt in anybody's mind where Krug will be.

Krug's equipment for the \$75,000-a-year job Johnston has created for him bears no relation whatever to the motion picture industry. Until he went to WPB in charge of priorities in 1942, his interests lay almost exclusively in electric power. He was hand-picked by Johnston for his ability to lay down the law and for whatever dignity and prestige his name and past associations might lend to an office that has become somewhat shoddy.

• **Reorientation**—In contrast with Will H. Hayes, who operated behind

the scenes in New York, Johnston will run the show for the Motion Picture Producers & Distributors of America in Washington.

Krug will remain in Hollywood, with the title of executive vice-president of M.P.P.D., and have three principal duties: (1) to establish a long-range labor program to put an end to the union bickering that has sapped the industry's strength (page 33); (2) to guide research into technological improvements and wider utilization of films for educational purposes; (3) to shape a council of producers and unions for improvement of labor-management relations, probably along the lines of the national body which Johnston conceived with A.F.L. and C.I.O. leaders (BW—Apr. 7'45, p80).

• **Nelson Is Neighbor**—Krug's office in the Louis Mayer Bldg., Hollywood, will be a scant seven blocks down the boulevard from the headquarters of another ex-chairman of WPB, Donald M. Nelson, who some four months ago became the president of the rival Society of Independent Motion Picture Producers (BW—Jun. 30'45, p22).

Despite the bad blood between the majors and the independents over booking policies of the majors (who largely control film distribution and exhibition), Nelson and Johnston have shown no signs of pursuing the feud.

Krug will not replace Joseph I. Breen, whose job is to keep the pictures clean, but since Krug's introduction to Hollywood there has been some speculation about the future status of Pat Casey, who has handled labor relations for the Hays office for 16 years.



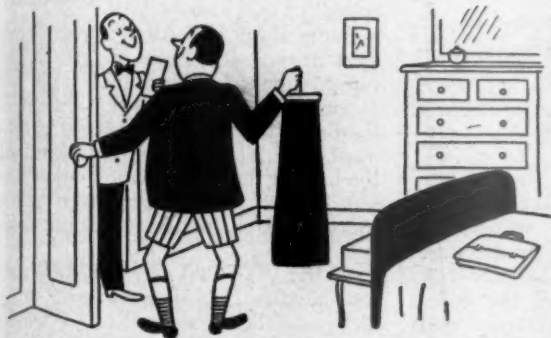
Donald M. Nelson (left) and Eric Johnston.



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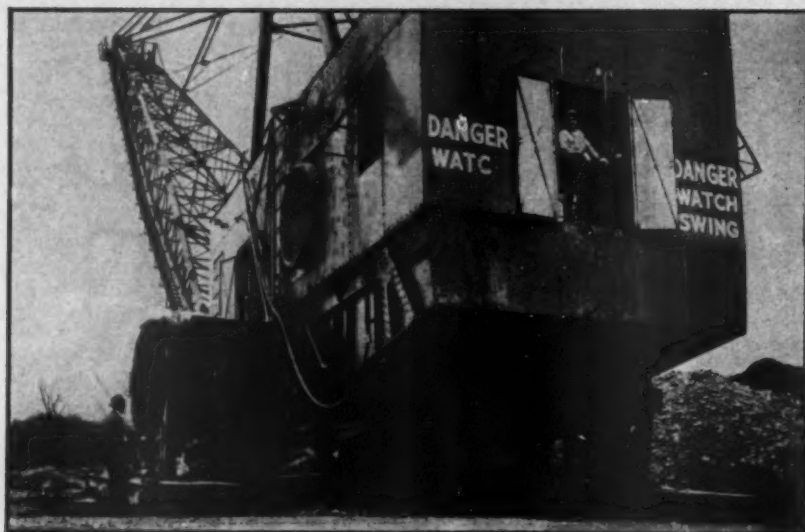


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## THE MACHINE THAT WALKS BY ITSELF

A giant dragline that resembles an unwieldy dinosaur "walks" instead of rolls to its earth-scooping job on a strip-mining operation outside Grove City, Pa. The 350-ton monster, diesel-powered by Cooper-Bessemer, moves on pontoon-like "shoes" 27 ft. long and 5 ft. wide, balancing on a round center "leg" 26 ft. in diameter while it takes its 7-ft. steps—about two of them a minute. Made by Bucyrus-Monighan Co., Chicago, it is used by Buckeye Coal Co.

arbitrator assigned by the board awarded interim jurisdiction to the painters until such time as the National Labor Relations Board could get around to a thorough investigation of the rival claims.

But the studios, knowing the devastating effect on their product of a sympathy walkout of projectionists, refused to do anything which might affront the stagehands' union. The painters' union, to protect and enforce its NWLB arbitration award, called the strike.

• **What's Involved**—By itself, a strike of painters would upset nobody. But the painters' union in the studios is affiliated with the Conference of Studio Unions, a council of locals whose motivating if unannounced purpose is to break the grip of the stagehands' union on the film industry. The great majority of these unions, like the stagehands and the painters, are affiliates of the American Federation of Labor.

Hence the painters who walked out in March were merely the vanguard of a mass exodus of C.S.U. affiliates—carpenters, electricians, machinists, and white-collar crafts, among others.

The studios felt the strike more than they would admit. They hired replacements supplied by the stagehands' union.

• **Springtime Election**—In May, the National Labor Relations Board held an election for the set decorators to decide which of the unions—the paint-

ers or the stagehands—they wished to represent them. Both strikers and strikebreakers among the set decorators were permitted to vote. All the votes were challenged, and all the ballots were impounded until the board could decide which ballots to count.

The board took five months to decide that all the ballots should be counted. The count, two weeks ago, gave the verdict to the painters, by 55 to 45, and the studios will accept the decision.

But before the painters and their sympathizers will dissolve the picket lines, they are demanding unqualified reinstatement of all strikers and other employees who respected the picket lines; creation of machinery for settlement of jurisdictional disputes; dismissal of all strikebreakers; and reinstatement of all labor contracts existing when the strike began.

• **Divergent Demands**—The stagehands, on the other hand, are demanding retention of all strikebreakers, and are at grips with the carpenters' union over jurisdictional questions. An additional complication is the painters' demand for retention of jurisdiction over some white-collar crafts which defected during the strike.

One fact was clear. In the Hollywood atmosphere of fabulous salaries, Johnston will have to earn his \$100,000 a year.

## Cotton for Japan

MacArthur makes one of decisions which will determine how much of a comeback can be made by Nipponese textiles.

Two recent actions on the part of Gen. Douglas MacArthur's headquarters have given the first indication of Japan's chances of reviving her once great textile industry and of recapturing her pre-war preeminence in the world's cheap textile market.

The first was the announcement, on Oct. 3, of the results of the textile plant and equipment survey ordered by MacArthur's Economic & Scientific Section.

The second, exactly a week later, was MacArthur's decision to permit immediate importation into Japan of raw cotton up to an estimated 1,250,000 bales.

• **Plants Hard Hit**—After a swift two-week survey, the Economic & Scientific Section established that there remained in operating condition only one-fourth of the physical plant and equipment with which Japan had captured the bulk of the East Asiatic market, invaded South America, and even penetrated the U. S. and British home markets.

Of the 1937 total of 13,782,000 cotton spindles (including twisting spindles), only slightly more than 3,000,000 were left. More than 560,000 had been destroyed by aerial bombardment, but the bulk was reported by the Japanese to have been dismantled.

• **Drastic Shrinkage**—Similarly, only 121,702 cotton looms remained in operating condition out of the 1937 total of 407,502 (including narrow and hand looms). In contrast to the 291 cotton spinning mills of 1937, only 39, located principally in provincial centers, were in operation.

The great mills of Tokyo, Osaka, and Nagoya had been converted to war production, the weaving mills generally to the manufacture of airplane engines and parts. The spinning mills occasionally were utilized as aircraft assembly plants.

• **Undersold Competitors**—The equipment of the prewar Japanese cotton textile mills did not compare in extent with Britain's 38,700,000 spindles and 505,000 looms, or with the 27,000,000 spindles and 470,000 looms in American mills in 1937. But the modernness of equipment, cheap, dormitory labor, a highly integrated, government-sponsored sales and distribution organization, plus a willingness to accept a low unit-profit on the manufacture of coarse fabrics, en-

abled Japan to undersell European and American competitors in the Far East.

By 1937, Japan alone supplied more than 50% by value of all the cotton piece goods sold to the Orient, India, and Australia, and more than 70% of the Orient alone. Even these percentages constituted a drop from the few years previous caused by the imposition of restrictive quotas on the importation of Japanese goods into India, Malaya, and Australia.

• **Postwar Specter**—The outbreak of the war, with its sharp increase in military textile orders to British and U. S. firms and its severance of trade relations between Japan and the United Nations, brought about a temporary solution for the western producers, but the specter of postwar competition remained.

With the close of the war, the problem has been further complicated, on the one hand, by the desire of the Chinese authorities to acquire Japanese textile machinery as reparations (BW—Sep. 22'45, p116) and, on the other, by the hope of cotton growers in India, the U. S., and Egypt that Japan would resume her \$200,000,000 purchases of raw and ginned cotton as in 1937.

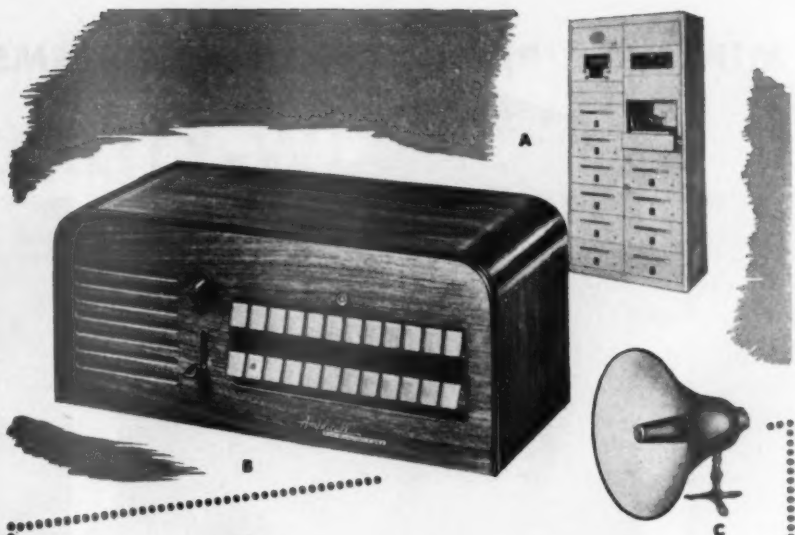
• **How Much Remained?**—All of these problems had to be held in abeyance until the big question was resolved: How much remained of Japan's textile plant and equipment after wartime conversion and the B-29 raids?

The Oct. 3 report provided some of the answers but left two major points in doubt: (1) How many of the 10,000,000 "dismantled" spindles and 285,000 looms not now in operation can be reclaimed? (2) Will the Japanese be able to manufacture new spinning and weaving machinery to take the place of the lost spindles and looms?

• **For Allied Decision**—Both of these questions emphasize the importance of Allied policy decisions. Much of Japan's "dismantled" prewar equipment was cannibalized or melted down for desperately needed scrap, but it is believed that a large part was merely set aside until after the war.

With storage space in Japan at a premium, a situation which has been aggravated by air raid destruction and the billeting needs of the occupying forces, a good part of the moved machinery has been left out-of-doors. Prompt Allied permission to reestablish the textile industry would enable the salvage of much of this equipment. A hostile attitude or a protracted delay in deciding would mean that much less equipment ultimately would be available, whether for production or, as the Chinese wish, for reparations.

• **The Ability to Replace**—The ability of the Japanese to replace the lost looms and spindles is even more closely related



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to Allied policy decisions. The Japanese Ministry of Commerce & Industry claims that Japan can turn out 2,000,000 new spindles a year, but even a more modest program would be seriously hampered if Allied industrial disarmament and reparations policies sharply curtailed the iron and steel and machinery industries.

In these circumstances, the decision to allow the immediate importation of raw or ginned cotton, on condition that the Japanese could demonstrate critical need and the ability to pay, apparently indicates that Washington has not decided to prohibit Japan from competing in the world cotton textile market.

• **Behind the Directive**—Undoubtedly in conformity with Washington directives, MacArthur's action was primarily intended to prevent disease and unrest among Japan's ragged millions now facing the grim possibility of a fuel-less winter with a stockpile of raw cotton estimated at less than 50,000 bales, and that meager amount scheduled for exhaustion by December.

However, the preliminary estimates released by American headquarters in Tokyo indicate that production beyond domestic requirements is contemplated. The 1,250,000 bales which were tentatively announced as the amount to be purchased from the world's cotton growers are to be used to provide 25 yards of cotton goods per person or about 1,875,000,000 yards in all.

• **By Comparison**—This figure is considerably in excess of the 585,614,000 yards (8 yards per person) consumed domestically in 1939, the 920,218,000 yards (12 yards per person) of 1938, and even the 1,577,175,000 yards (21 yards per person) of prosperous 1937.

Considering the amount of Japan's critical import requirements for rice, salt, raw cotton, and other raw materials, and the decision to make Japan pay as she goes, it is likely that a certain quantity of Japanese cotton textile exports is being counted on by Gen. MacArthur to supplement silk (BW—Oct.20'45,p22) in providing the necessary foreign exchange.

### CALIFORNIA PIPELINE

Back in the critical war days of 1942, Standard Oil Co. of California, Pacific Gas & Electric Co., and Pacific Public Service Co. converted their jointly owned natural gas pipeline to transportation of crude petroleum between the San Joaquin Valley oil fields and Standard's big tank farm on upper San Francisco Bay. The farm supplies Standard's Richmond refinery.

Last week Standard announced that work would start in December on a

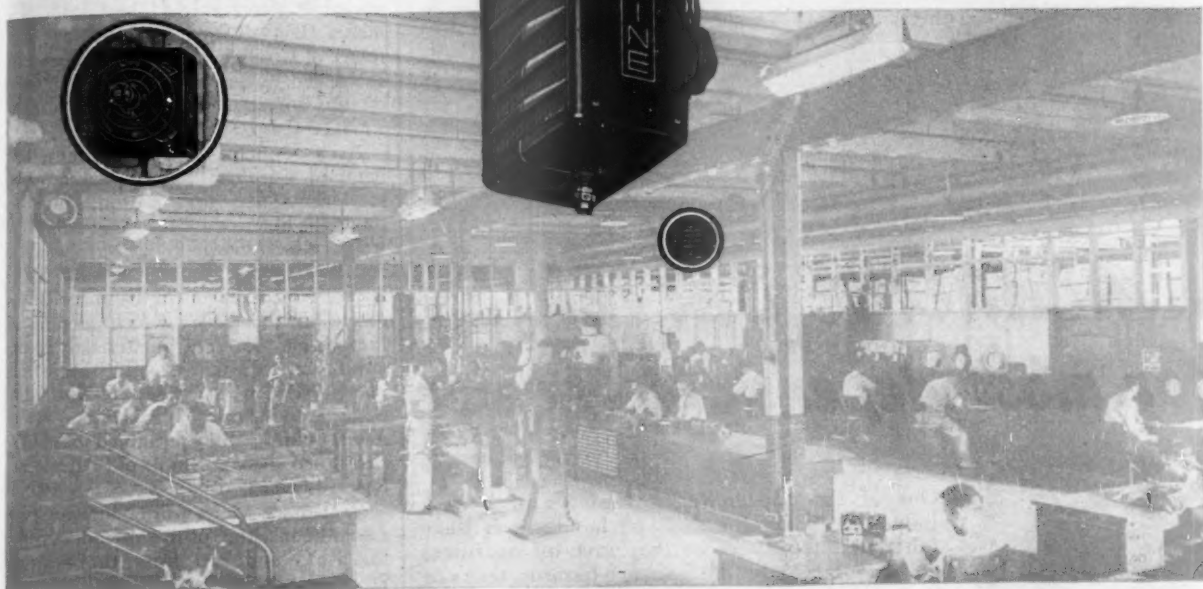


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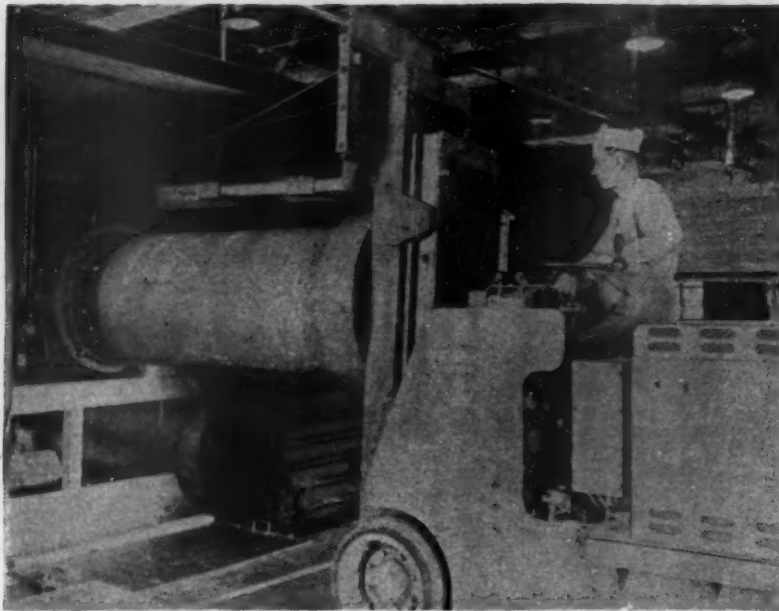


Look in your phone book for Modine representative's name—"Where to Buy It" section.

WRITE TODAY FOR MODINE UNIT HEATER BULLETINS

*Modine Unit Heaters*

# Use **BATTERY TRUCKS** for **SAFE Handling**



## ...**ALKALINE BATTERIES** for most dependable power



One of the outstanding advantages of battery industrial trucks for material handling is their inherent safety. Because they give off no fumes and are practically free from fire hazards, they can be used without restriction in almost any kind of plant. They can even be provided with spark-enclosed construction for safe operation in hazardous locations. Many are operating successfully in ordnance depots.

With batteries exchanged two or three times per 24-hour day, the truck is kept continuously supplied with power. While one battery operates the truck, another is being charged. Except for the few minutes needed to change batteries, the truck need not stop for servicing its power unit. Its electric motor drives have a minimum of wearing parts; are inherently simple and trouble-free. The truck starts instantly; accelerates smoothly; operates quietly; consumes no power during stops. Not only does it make efficient use of power but the current used for battery charging is the lowest-cost power available.

Thus the battery truck is an inherently dependable, safe and economical handling unit, especially when powered by Edison Alkaline Batteries. With steel cell construction, a solution that is a natural preservative of steel and a fool-proof principle of operation, they are the most durable, longest-lived and most trouble-free of all batteries. Edison Storage Battery Division of Thomas A. Edison, Incorporated, West Orange, N. J. In Canada: International Equipment Co., Ltd., Montreal and Toronto.

**Edison**  
ALKALINE BATTERIES

new \$3,000,000, 18-inch oil line, which will permit the old StanPac pipeline to be reconverted to gas. The new line, 175 mi. long, will have a capacity of more than 90,000 bbl. daily, is scheduled for completion in April, 1946.

## Nation's Salesman

New RFC subsidiary gets the job of disposing of some 90% of surpluses, including the rather ticklish consumer items.

Selling consumer goods may not be the toughest part of the government's surplus disposal problem, but federal officials have been passing the job around as if it were hot—which it is. The Treasury Procurement Division, which got the assignment originally, held out for a little over a year, then passed it along to the Dept. of Commerce (BW—Apr. 28 '45, p. 7). Now Secretary of Commerce Henry Wallace has succeeded in dumping the whole thing on the doorstep of the Reconstruction Finance Corp.

As a result, W. Stuart Symington, harassed Surplus Property Administrator, has a new organization, but the problems he faces are the same old ones. • **War Assets Corp.**—By executive order, consumer goods disposal will be transferred, Nov. 5, from the Dept. of Commerce to the RFC, which already is responsible for raw materials, tools, semifabricated items, and industrial plants. RFC will concentrate all its disposal activities in a subsidiary, War Assets Corp., the revamped and rechristened successor to its old Petroleum Reserves Corp.

War Assets Corp. will be managed by a board consisting of five members from the RFC and two from the Surplus Property Administration. The chairman will be Sam H. Husbands, RFC director.

• **Sponsored by Wallace**—The main agitator for the new arrangement was Wallace, who found himself getting into hot water with businessmen over surplus sales just when he was trying to build up the Commerce Dept. as the friend of business. Symington went along because the proposal fits in with his plans to simplify the sprawling surplus disposal organization.

When War Assets Corp. takes over, Symington will have an answer to one of the most persistent criticisms of previous disposal policies—the complaint that a prospective buyer had to deal with too many agencies.

• **About 90%**—On the present basis, War Assets Corp. will handle about

90% of all the property the government has to sell, and several other lines—for example, some of the items now handled by the Maritime Commission—may be turned over to it before long.

From Washington's standpoint, the new arrangement has the additional advantage of isolating surplus disposal operations at a safe distance from the regular government departments. This will reduce the mortality among officials if the program breaks down.

• **Headache Remains**—Consolidating the selling agencies won't relieve Symington's biggest headache, however. Behind all the other difficulties of the SPA lies the fundamental problem of figuring out a way to move government-owned surpluses without demoralizing markets and without violating the complicated restrictions imposed by Congress. As soon as War Assets Corp. takes over, it will come up solidly against this poser just as its predecessors did.

## TIDELAND TEST COMING

A scheduled race between Congress and the courts in the dispute over ownership of rich oil deposits under coastal submerged lands may not take place after all.

Decision last week by the Dept. of Justice to drop its test suit against Pacific Western Oil Co., holder of a tideland lease from the state of California, and replace the case with an original action against the state in the Supreme Court is likely to end attempts by states' righters to speed federal quit-claim legislation through Congress.

Although the Senate Judiciary Committee had tentatively scheduled hearings for Dec. 4 on a House-approved bill waiving any federal claims to the submerged lands, committee members indicate that hearings may be indefinitely postponed to await the Supreme Court's decision.

Members from California, Texas, and other states vitally concerned in the oil underlying the coastal lands (BW—Oct. 6'45, p42) are expected to protest this move, but Administration support for the high court test is likely to carry sufficient weight to gain the postponement.

The Supreme Court this week granted California until Dec. 28 to file its reply. A decision can't be expected before spring. In its new suit, the Justice Dept. is trying to dilute opposition of states primarily interested in harbor facilities and other properties that might be affected.

The government now is seeking title to lands from the low tide mark to the three-mile limit. It is making no claim to land in bays, inlets, and harbors that are not directly on the open ocean.

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**How about your BUSINESS RECORDS?**

They, too, should be subject to this sound and simple rule  
If they're Worth Keeping, keep them on  
**Weston paper**

Weston Cotton Fibre Content Record, Ledger, Index and Bond Papers are specifically and exclusively created and tested to provide an efficient and enduring foundation for records worth keeping. For your own protection and peace of mind and for the sake of the succeeding generations that will carry on your business, make sure that your important records are put on WESTON paper.

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**Weston** *Makers of Papers for Business Records*



# The Customer is Right Again



This "seller's market" is about over (and so much the better, all hands agree!) Now begins again the spirited competition for the customer's favor ... the battle that always brings the best out of America's production and merchandising genius.

Inevitably, it will bring out, too, that time-proved jet propeller of sales, the premium. Believe it or not, when customers were still being sought instead of ducked, premiums amounted to a half-billion dollar market in the U. S. ... an increasing share of which was going into sleek, colorful plastics.

Because Monsanto knows from its own developments how much will be new in plastics in the coming "buyer's market," we predict an even greater future for plastics for premiums ... and for premium-promoted merchandise.

For example: ... Think of the opportunities in Monsanto's new boilable thermoplastic, Cerex! ... Think of Lustron\* for glamorous, quality premiums at mass production costs!

Right now is none too early to be finding out how plastics can help you with your coming sales problems ... and to bring yourself up to date on the Family of Monsanto Plastics, one of the most versatile in the entire industry. Let us place your name on our plastics mailing list ... or address specific questions to: MONSANTO CHEMICAL COMPANY, Plastics Division, Springfield 2, Massachusetts.



## Seattle Air Battle

Puget Sound area is leading fight for an all-American route to Alaska and Orient instead of line favored by CAB examiners.

Seattle, having long dreamed of itself as the future air gateway to the Orient, has suffered considerably from shock ever since Civil Aeronautics Board examiners recommended a transpacific route for Northwest Airlines, Inc. (BW—Sep. 8 '45, p. 22).

The examiners' proposal that NWA be permitted to leave the United States at the Twin Cities, cross Canada via Edmonton to Alaska, and then proceed over the roof of the world and down the coast of Asia, promptly evoked a cry that once again the West had lost to the East. Newspapers and civic groups of the Puget Sound area promptly went into action.

• **Committee Organized**—To fight Seattle's fight, a Pacific Northwest Oriental Airline Committee was composed of some 300 representatives of business and labor. Plugging for what it terms the all-American route, the committee filed written arguments with CAB on Oct. 15. And CAB has granted the committee 45 minutes (three times the usual amount) for an oral presentation in Washington on Oct. 29.

The route proposed by the Pacific Northwest committee would use the new Seattle-Tacoma airport, which is midway between the two cities and jointly operated by them. The committee admits that the distance from St. Paul to Anchorage, Alaska, is 458 miles greater by its route than via Edmonton. But it argues that only certain sections of the East and Midwest would get any benefit from the shorter route; that for much of the West and for the entire Pacific Coast the Edmonton route is longer.

• **Major Arguments**—Furthermore, the committee has arrayed arguments which it says outweigh any savings in distance:

(1) An all-American route would be better from the standpoint of national defense, since embarrassment might result from Canadian neutrality efforts in some future international crisis.

(2) The Edmonton route would ignore the interests of those western states which are closest to the Orient.

(3) The Edmonton route would be unsound economically in that it is charted without regard for water, rail, and bus transportation connections. The Seattle-Tacoma area, it is argued, must continue to be the assembly point for ship cargoes to and from the Orient.

(4) The CAB examiners' proposal is discriminatory in that it attempts to favor certain eastern states in their dealings with Asia.

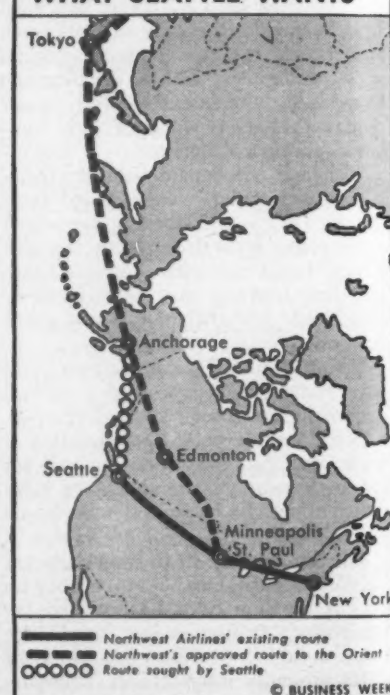
(5) Oriental interests, wishing to deal through the Puget Sound agents who handle their ship cargoes, would frown on diversion of traffic over the wastelands of Canada.

(6) The Canadian route ignores the importance of intermediate points in the building of transportation loads. The all-American route, on the other hand, would provide the commercially important Seattle-Tacoma intermediate point.

• **Alaskan Support**—The Pacific Northwest's committee is encouraged by the fact that it has gained Alaskan support as well as that of the eleven states represented in the Western States Council.

Meanwhile, Western Air Lines has filed a brief with CAB taking exception to parts of the examiners' recent report. Western Air asks that it be permitted to provide service to Alaska via Seattle and Great Falls. It does not ask that Northwest Airlines be denied the route to the Orient, but it contends that post-war traffic to Alaska will be sufficient to justify competition between Northwest and Western Air.

### WHAT SEATTLE WANTS



Seattle is contesting a Civil Aeronautics Board examiners' recommendation that Northwest Airlines' route to the Orient via Alaska should leave the United States at the Twin Cities, instead of from the Pacific Northwest.

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## Measuring the Impact of War

Combined Production & Resources Board report reveals the dramatic effects of world conflict on living standards and on national wealth of the U. S., United Kingdom, and Canada.

Early last month, high government officials in Washington, London, and Ottawa were handed a confidential report of the Combined Production & Resources Board, the body that was responsible for the most effective use of the resources of the United States, Canada, and the United Kingdom in the combined drive toward victory. The major conclusion:

During the war, living standards of British civilians—as measured by their purchases of goods and services—fell 15% to 20% while civilian living standards in the U. S. and Canada actually rose some 10% to 15%.

• **Dramatizes England's Plight**—Behind that conclusion were 60,000 words and 100 tables; more than a year's work by an international staff of top-flight statisticians; and a series of tripartite conferences to check techniques, review methods, and indorse interpretations.

Even as the completed document was circulating in the three United Nations capitals, its major conclusion was being dramatized by the spectacle of Britain, once the world's most powerful creditor nation—but now heavily in debt after almost six years of war—trying to negotiate a \$5,000,000,000 loan in Washington.

It is only natural that Lord Keynes, who heads the British delegation in the current Anglo-American talks (BW—Sep. 29 '45, p15), should capitalize on the CPRB report to underline his nation's plight.

• **Shrinkage in Wealth**—Between 1938 and 1944, the U. K. stripped her investments at home and abroad by more than £4,100,000,000 (\$16,400,000,000 at the current rate of exchange).

The bulk of this total, somewhat more than £3,900,000,000, represented the sale of securities abroad, the depletion of foreign balances, and a reduction in gold reserves. The spectacular illustration in this forced process of "disinvesting" came in the spring of 1941, when British-owned American Viscose Corp., the largest manufacturer of rayon yarn in the U. S., was sold to a syndicate of American investment bankers (BW—Mar. 22 '41, p73).

The remaining £200,000,000 represented a shrinkage in Britain's commercial and industrial wealth—as business inventories were depleted and maintenance of prewar plant and equipment was neglected so that materials and facilities could be poured into munitions. For example, steel that ordinarily would have gone to repair textile machinery was used for the production of shells.

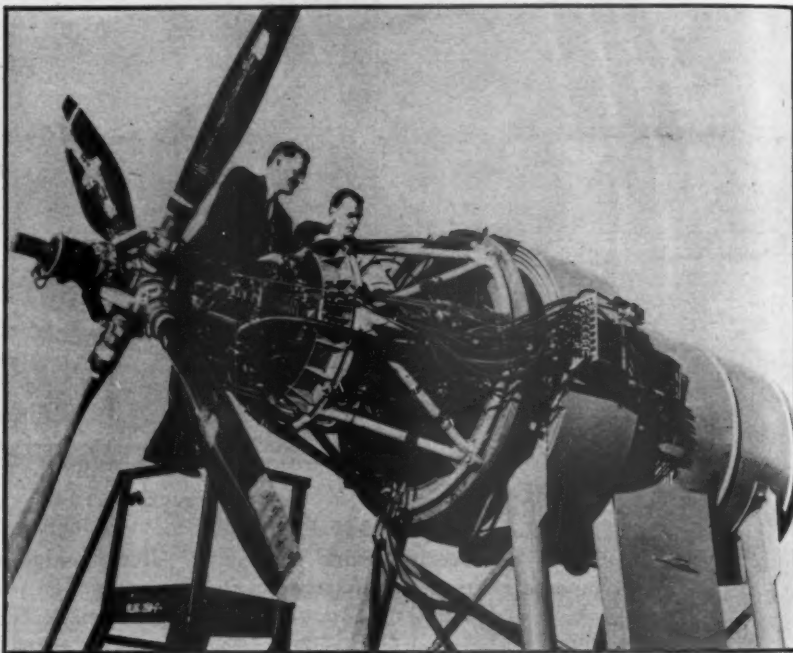
• **Dollar Balances Dropped**—The U. S. stripped its assets, too. As it bought

quartz from Brazil, copper from Chile, fats and oils from Argentina, tungsten from Portugal, mercury from Spain, chrome from Turkey, and tin from the Belgian Congo, dollar balances dropped and gold reserves were whittled down; like England, the U. S. also dug into its business inventories and skimped on maintenance of prewar plant and equipment.

All told, between 1938 and 1944, the U. S. "disinvested" to the tune of about \$3,700,000,000, against Britain's \$16,000,000,000.

Canada may have added to its national wealth over the period, although complete data are not available.

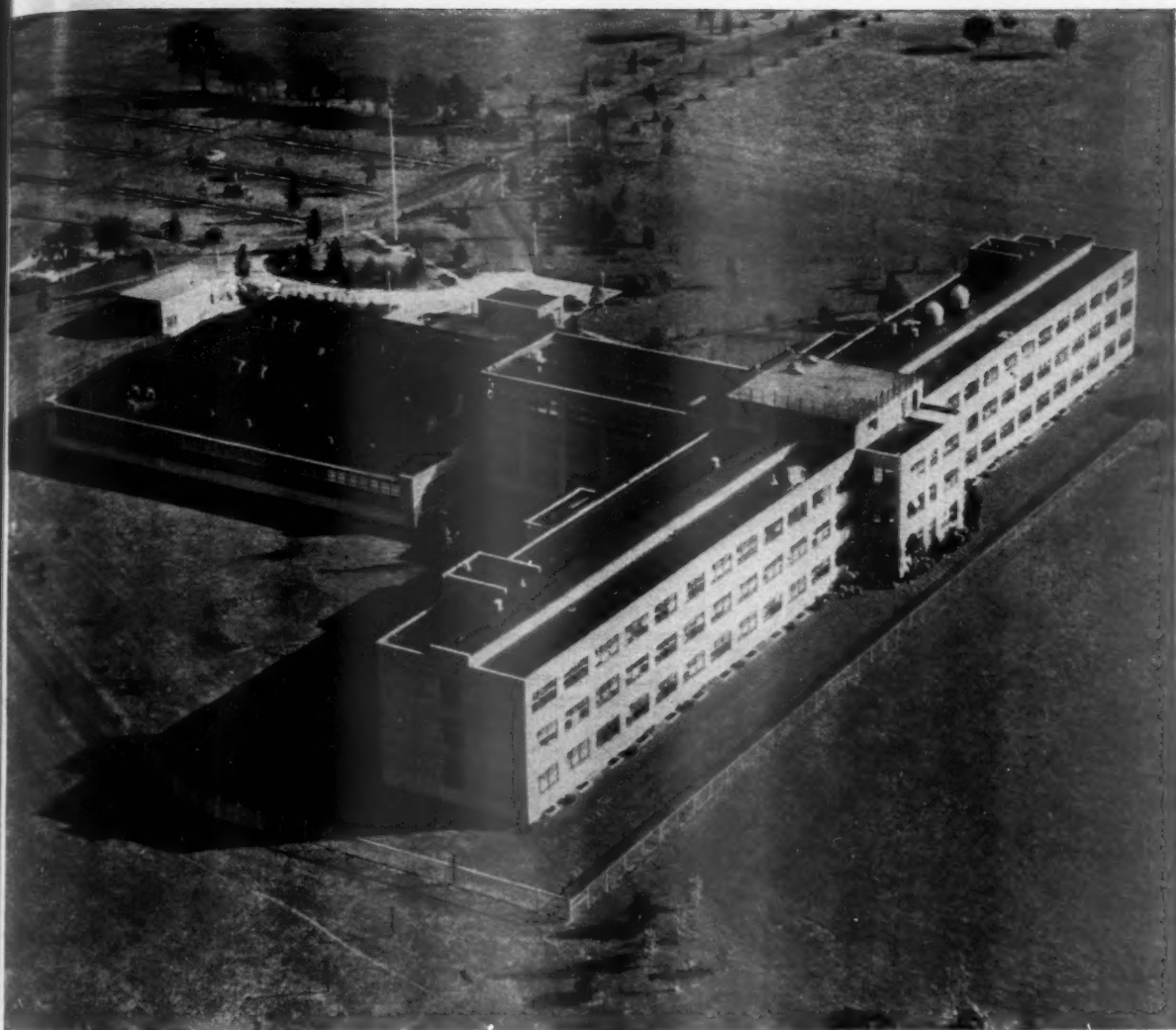
• **U. S. May Recoup More**—When the wartime books are finally closed, it may turn out that, of the three countries, only John Bull will be in the red. Uncle



### AND NOW THE PROPJET ENGINE

With a propeller at the forward end and a power jet at the rear—both served by a single gas turbine—the newest aircraft power plant emerges from General Electric's laboratories to pull and thrust big transports through future skies. Designed originally, in cooperation with the Army Air Forces, for high-speed, high-altitude military bombers, the Propjet ostensibly attaches a prop to the end of the single shaft which carries both compressor and turbine in a conventional jet engine. Actually the prop is driven through a gear reduction of advanced design to bring its speed to a bare one-tenth of the turbine's 10,000 r.p.m. or more. The new unit holds out high hopes of speed with economy, freedom from vibration, and minimum maintenance.





## ***RCA Laboratories—Center of Radio and Electronic Research***

RCA Laboratories at Princeton, N. J., are far more than one of the most modern and best-equipped laboratories ever built. It is a community of scientists, research men and technicians—each a top man in his field—each working with the other—contributing wherever and whenever his specialized knowledge will help.

It is a "university of ideas"—where visions are graduated as practical realities... where human wants are fulfilled through the creation of new products and processes, new services and markets.

It is a birthplace of scientific, industrial and social progress for the entire nation.

It is the reason why anything bearing the letters "RCA"—from a radio tube to your television receiver of tomorrow—is one of the finest instruments of its kind that science has yet achieved.

For just as the RCA electron tube, television receiver, radio, or the Victrola, is stamped by the RCA trademark, so does the product itself bear a stamp of experience and research that gives RCA pre-eminence in the field of radio and electronics.

Radio Corporation of America, RCA Building, Radio City, New York 20. *Listen to The RCA Show, Sundays, 4:30 P. M., Eastern Time, over the NBC network.*

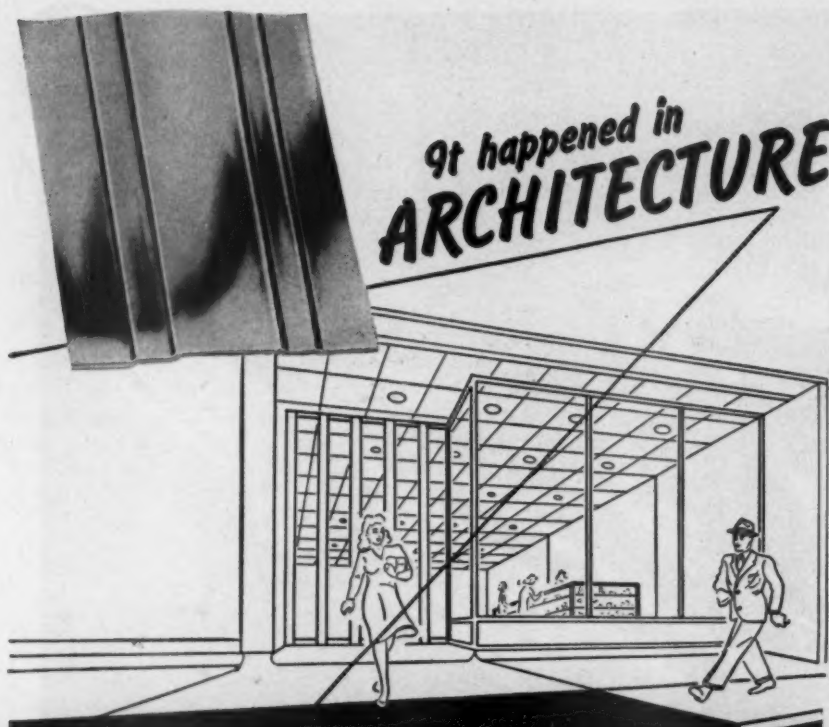
### **PIONEERING**

Scientists and research men who work in RCA Laboratories made many vital contributions in helping to win the war through application of radio, electronic, radar and television techniques. Their skills now are devoted to peacetime applications of these sciences.

At RCA Laboratories the electron microscope, radar, all-electronic television (featuring the projection system for the home) and many other new instruments of radio, including hundreds of new electron tubes, were developed to improve and to extend the services of radio around the world.



**RADIO CORPORATION of AMERICA**



## When Carpenter made Stainless COST LESS TO FINISH

Ultra-modern show windows trimmed in sparkling, rust-free *Stainless*!... Cocktail bars sheathed in gleaming, easy-to-clean *Stainless*!... Decorative parts enhanced by *Stainless Strip* combining beautiful two-toned finishes. Yes, architects know how much the beauty and permanence of modern *Stainless* contributes to architectural design.

But getting a bright, gleaming finish on molding trim was not always as simple as it is today. Not until Carpenter developed a soft and ductile *Stainless Strip* with our famous ABC finish was the cost of forming and polishing substantially reduced. Today, with this bright surface Carpenter *Stainless Strip* often requires only

a light buffing operation to bring out the full lustre of the metal.

Further economies can also be realized with Carpenter *Stainless Strip*, as illustrated in this typical molding piece. Light gauge Carpenter *Stainless #6* (Type 430) developed into a laminated molding, reduced the cost of the architectural trim alone as much as 50% below that of the same section in solid *Stainless* or many electro plated substitutes.

There's no limit to new design possibilities with Carpenter *Stainless*. Keep that in mind when planning your new or redesigned products. And for personal assistance with your *Stainless* problems call in your nearby Carpenter representative.

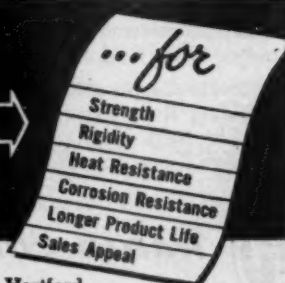
THE CARPENTER STEEL COMPANY, 140 W. Bern St., Reading, Pa.

# Carpenter STAINLESS STEELS



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Indianapolis, New York, Philadelphia, Providence, St. Louis



Sam expended a substantial share of his resources on "wartime assets" that are suitable for peacetime uses, on things such as trucks, tractors, locomotives, merchant ships, machinery, and new factories. A large proportion of these may ultimately augment the national wealth.

Great Britain, proportionately speaking, spent more on direct war goods—guns, tanks, planes, ammunition. It is notable, also, that it concentrated on converting, rather than expanding, industrial facilities.

The U. S. converted too. But, according to the over-all strategic plan, Uncle Sam was made responsible for the bulk of industrial expansion; this gained time for Britain and made it possible for her to place relatively more of her manpower in the Army and Navy. The upshot of it is, however, that the U. K. has only limited possibilities for increasing her stock of plant and equipment through surpluses.

• **The Unknown Cost**—Another notable point is that the CPRB analysts were unable to make a firm estimate of the additional loss of national wealth in the U. K. incident to enemy attack; they guessed at £1,200,000,000, but didn't add this to the over-all disinvestment figure of £4,100,000,000.

Tied in with the process of disinvestment was a drop in "normal," or prewar type, exports in each of the three countries.

In the U. S., this drop came to about one-third. But in Britain—for which country "to export or die" is axiomatic—the decline was more than two-thirds, from £420,000,000 in 1938 to £130,000,000 in 1944.

• **Biggest Drop in Coal**—Among major merchandise categories, declines ranged as high as 71% for machinery and vehicles and 93% for coal:

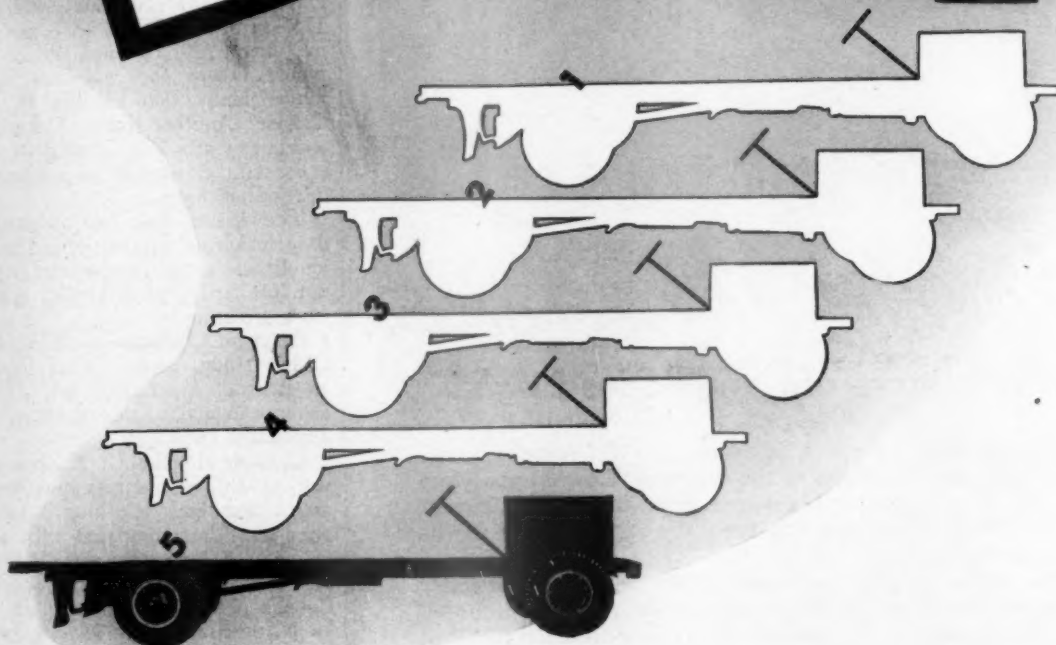
Major Category	Drop in U. K. Mds. Exports 1938-1944
Coal .....	93%
Machinery & vehicles .....	71
Food, drink, tobacco .....	69
Textiles & apparel .....	64
Other manufactured articles .....	60
All other merchandise .....	79
Total Exports .....	70

This reduction in normal exports tended to cushion the civilian economy because it was thereby possible to divert a part of national output to war production without curtailing domestic consumption. But it wasn't the only cushion that civilians needed.

• **Difference Is Butter**—For Canada and the U. S., the drop in their normal exports was a factor in the ability of consumer purchases to remain at the 1941 level, even though that level was materially higher than in 1939. But

# For the Record:

Truck purchased . . . . . 1939  
 5th Chassis installed under  
 original Magnesium Body . 1945  
 Mileage . . . over 1,000,000



So reads the record of the Austin Powder Company on Truck 3-c.

The structural members and floor assembly of magnesium sheet and extrusions took this grueling million miles and more, and are in excellent condition today.

Mazlo Magnesium alloys have the strength and durability that build strong and lasting

bodies . . . and the lightness that makes them pay dividends in added payloads, and lower maintenance costs.

Our engineers will gladly help you and your bodybuilder employ magnesium to best advantage. Write Aluminum Company of America, Sales Agent for American Magnesium Products, 1711 Gulf Bldg., Pittsburgh 19, Pa.

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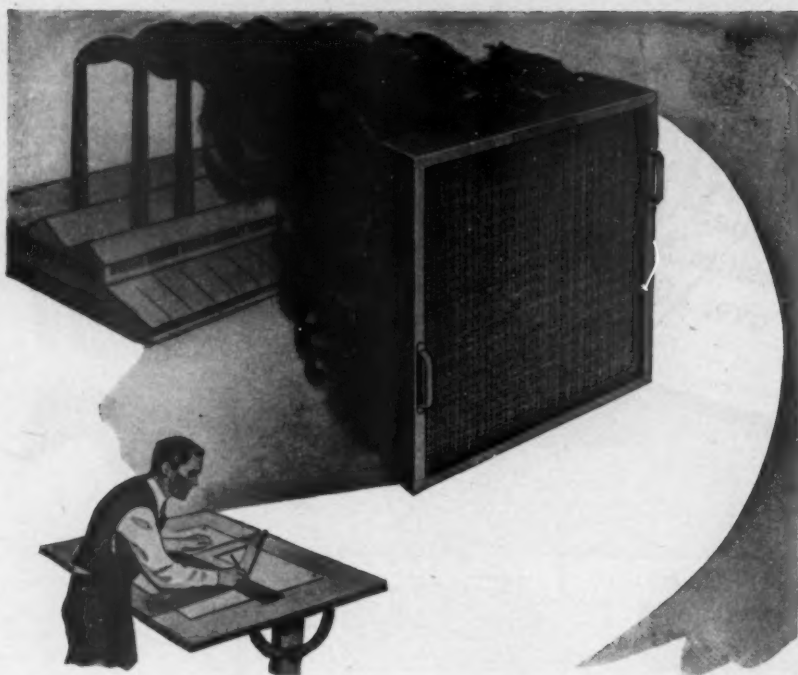


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ENGINEERED AIR FILTRATION



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the deciding factor was the greater slack in their economies, the fact that they each had greater untapped reserves.

As the CPRB economists put it, this made it possible to expand their "total national product"—the value of all goods and services—by a wider margin than the U. K. Popularly expressed, that margin was great enough to give American and Canadian civilians "better" as well as guns.

In the case of Britain, the expansion in total national product was limited by the fact—and this is a significant fact—that the U. K. started its mobilization for war from a relatively high level of industrial activity.

• **Blackout and Attack**—As early as 1938, less than 10% of its labor force was unemployed; this compares with some 17% in the U. S. and 15% in Canada in June, 1939. Besides, British manpower before the war was working longer hours than in the U. S. or Canada. Another thing: The blackout and enemy attack in Great Britain were a constant depressant on wartime production efficiency.

The result was that although the drop in normal exports helped to cushion Britain's civilian economy, it could not, of itself, prevent living standards from declining.

• **Effect on Civilians**—According to the CPRB study, here is what happened to British, American, and Canadian civilians in major fields of consumption during the war:

**Clothing**—In the U. K., before the war (1938), per capita purchases of men's and boys' clothing totaled £6 annually. This compared with \$39.80 in the U. S. before the war (1939) and, for the same year, with \$24.84 in Canada (Canadian currency). In 1944, U. K. purchases were 35% below the prewar level; purchases in the U. S. rose 23% and in Canada 27%. Roughly the same percentage changes took place in women's and children's clothing.

**Household Goods**—On a per capita basis, consumer purchases of things such as furniture, floor coverings, kitchen utensils, radios, bedding, soap, matches, and other household supplies dropped 57% in the U. K. between 1938 and 1943. On the other hand, there was an estimated increase in such purchases of 14% in the U. S. and 8% in Canada, between 1939 and 1943.

In all three countries, production restrictions were qualitative as well as quantitative; styles were simplified, use of critical materials limited or forbidden, the number of patterns reduced over a wide field.

In Great Britain, simplification even included articles that demanded neither critical materials nor facilities. Thus in 1942, all decoration of chinaware was

prohibited. Similarly, the small amount of wooden furniture produced, beginning in 1943, was confined to simple "utility" models. Such furniture was reserved for people who had been granted buying permits—essentially bombed-out families, newlyweds, and parents of a child needing a bed for the first time.

**Fuel and Electricity**—Civilian purchases of fuel and electricity for all uses rose 32% in the U. S. and 28% in Canada, between 1939 and 1944. In the U. K., however, civilian purchases were up only 2% in 1944, as compared with the prewar (1938) level. CPRB points out that, measured in terms of physical energy, consumption figures do not give quite the same results, although the contrast between the U. K. and the U. S. remains. (No comparative figures were presented for Canada because of the paucity of information on the use of firewood.)

**Housing**—Because adequate statistics from Canada were not available, no measurement of civilian housing in that country was undertaken. Measurements for Britain and the U. S. show that there were more dwelling units occupied by civilians in 1944 than before the war. But that's the brighter side of the story.

CPRB statisticians had no way to measure the extent to which persons were unable to find suitable accommodations when they were forced to seek new quarters—in the U. K. because of bomb damage, in the U. S. because of migration to war production centers. Also, there was a marked deterioration in the quality of dwellings during the war, especially in Britain, at the same time that rents increased.

**Motor Vehicles**—In all three countries, purchases of automotive vehicles by civilians were reduced to negligible proportions and there was a substantial curtailment in private vehicle operation. Curtailment was sharpest in the U. K., where annual per capita expenditures plummeted 95% between 1938 and 1944. In the United States and Canada, the drop was 52% for each country as compared with the prewar (1939) level.

In the U. K., restrictions on private motoring were so severe that driving for pleasure virtually ceased. Beginning with the middle of 1942, a gasoline ration was granted only on proof of need; for example, to doctors and officials traveling on business. In some instances, a small ration was allowed where there was no alternative form of transport or where the absence of a car would involve exceptional hardship, as in the case of an invalid.

**Public Transportation**—In contrast to outlays for private transportation, consumers in all three countries spent

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He is a man who knows packaging from beginning to end and is qualified to sit down with you and help to solve your container problems.

Back of him, of course, are the full resources and engineering knowledge of this newest division in the U.S.E. family.

Through him, you can secure the full benefits of war-born experience in water-moisture-vapor-proof materials as used in heat-sealable containers, bags, boxes and envelopes, in transparent and translucent materials and plastics.

9-7

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*14 Divisions from Coast to Coast*

**U·S·E**

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## HOW A DISSTONEER SOLVED THE CASE OF MANPOWER SHORTAGE IN TIMBER CUTTING



**F**EW industries have faced a manpower shortage greater than that of the timberman. Yet despite this handicap, greatly increased production was demanded. The application of new methods or the use of new equipment seemed the only answer.

A Disstoneer had been called in by Army engineers and given the problem of developing a mechanical saw for military use. The solution was found in the Disston Chain Saw, with Mercury Gasoline Engine. Today, thousands of the same time and cost saving saws are used in our forests, in our mines and in many industries.

Operations have been carefully watched and studied. During the same time, additional research was carried on in the Disston laboratories. And now Disston is ready to announce—

*The New "G-AY" Model Disston Chain Saw, one of the finest cutting tools Disston ever made. Though unchanged in principle, this new saw has many improvements: added power and important new features... faster, steadier running... increased ease and economy of operation... greater sturdiness... easy to operate... etc.*

### Another clear-cut case of Disston leadership



**\*DISSTONEER**—a man who combines the experience of Disston leadership and sound engineering knowledge to find the right tool for you—to cut wood, to cut metal and other materials—and **TO CUT YOUR COST OF PRODUCTION**—not only on special work, but on ordinary jobs as well.

## OUTSTANDING FEATURES OF NEW "G-AY" MODEL

Air Cleaner to keep sawdust and dirt from engine and carburetor.

Fuel Filter (built in gasoline tank).

Die cast cooling fan.

Die cast cylinder, with increased number of fins, providing greater cooling area.

Reduction gear ratio of 3:1

—Provides more efficient chain operating speed.

Positive multiple disc clutch, 13 plates.

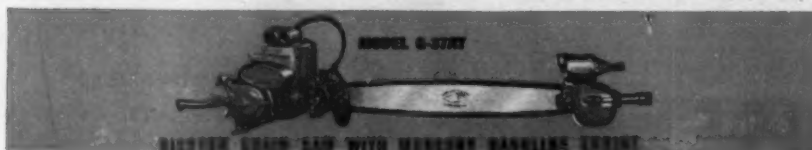
Conveniently located throttle may be set in "open" position.

Muffler prevents exhaust from annoying operator.

Equipped with "L" pattern chains.

Equipped with 3-rib protection cradle underneath engine.

And others.



HENRY DISSTON & SONS, INC., 1028 Tacony, Philadelphia 35, Pa., U.S.A.

record amounts to travel in public vehicles. For the United Kingdom, the rise was moderate—only 13% between 1938 and 1943. But in both the United States and in Canada, the per capita civilian expenditure for public transportation nearly doubled between 1939 and 1943.

This reflected, to an important extent, a forced substitution for travel in privately owned automobiles. The stricter gas rationing in Great Britain did not call for such a substantial change-over since a far larger proportion of the people customarily used public vehicles to and from work.

• **Expected Gains**—Public transportation wasn't the only major field in which consumers of all three countries expanded their purchases. With incomes on the rise, it was to be expected that wartime expenditures on goods and services still in good supply should increase.

This was true of alcoholic beverages, tobacco, books, magazines, newspapers, amusements, and communications (postal, telegraph, and telephone services). In each of these fields, generally speaking, there was a modest rise in the U. K. and a rather substantial gain in the U. S. and Canada.

• **More but Weaker Beer**—As the CPRB study observes, the resources required for most of these forms of consumption were small in relation to the amount of consumer expenditure involved; increases in amusements, for instance, reflected largely the fuller utilization of existing theaters. It is noteworthy, of course, that the comparatively ample supply of such goods and services helped to maintain civilian morale.

The British civilian never surrendered his preeminence as a consumer of beer. Before the war, U. K. annual per capita consumption was 28½ gal. (standard U. S. gal.), 1½ times that of the U. S. and 2½ times that of Canada. In 1944, the count showed 35½ gal. for the average Briton, with his margin of supremacy over the American and Canadian beer drinker about the same. But this leadership was at a price—a 15% drop in alcoholic content.

• **Significant Study**—The CPRB study—which will be published in Washington, London, and Ottawa late this year—will be a boon to economists and historians. But it has a deeper significance than that.

In its attempt to measure the material impact of war on a people, and to set up standards for comparing that impact among civilians of different nations, it is a statistical trail-blazer. It is likely to become a prototype for the type of study that the social and economic council of the United Nations Organization may have to undertake.



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Solar homes—with windowed walls. Jobs for glassworkers!



Glass awnings—fireproof, long-lasting. More jobs for glassworkers.



Fireproof glass draperies. Greater public safety—more jobs from glass.



Glass insulation—in home appliances. More jobs.

## Making Postwar Jobs—Out of Glass!

**H**OW MANY postwar jobs will there be—for soldiers, sailors, war workers? No one can tell exactly. But this much we do know:

Business management, in scores of industries, has long since planned new products, new ventures, new services, that will make jobs by the thousands by creating new demands.

For example, the glass industry in producing for war has found amazing new uses for its product. Imagine glass through which nails can be driven, like wood. Glass that bends. Glass that bounces. Glass that floats, like cork.

Soon, now, beautiful textiles will be made of glass — textiles that are fireproof and mothproof. There will be rotproof glass tarpaulins. Glass awnings. Glass windows that will not frost. Improved glassware for homes.

All these new uses will increase the demand for glass — and demand for goods makes jobs.

The glass industry is only one of many along the Chesapeake and Ohio, the Nickel Plate, and the Pere Marquette, that have planned for postwar employment.

And now that Victory has been won,

these industries and others throughout the country will put into operation their plans for the jobs and opportunities all of us want.

*A Report on the Prospects  
for Postwar Employment  
in the Industries Served by*

**Chesapeake & Ohio  
Lines**

*Cleveland*

CHESAPEAKE AND OHIO RAILWAY  
NICKEL PLATE ROAD  
PERE MARQUETTE RAILWAY

# PRODUCTION

## Big Steel Promotes Housing

Expansion of Gunnison Homes indicates extent of interest in prefabricated houses field as outlet for additional steel. Sales policy for 1,650 yearly capacity will concentrate territory.

United States Steel Corp. is furnishing evidence that it meant business when it bought the prefab firm of Gunnison Homes, Inc., and broke with tradition by entering a business having direct contact with the consuming public (BW-Apr.29'44,p19). Formerly Big Steel dwelt aloof on Olympian heights from which it supplied fabricators, the final products reaching the buying masses under other company names.

• **\$1,000,000 Plant**—An interest in housing plus a practical urge to open a new peacetime market for steel impelled Benjamin Fairless, Big Steel president, to engineer the Gunnison purchase. Speculation among prefabricators on the outlook for Gunnison was answered last month when the steel corporation announced it would build a new \$1,000,000 plant for the mass production of homes.

Plans call for completion of the plant by the middle of 1946. Its capacity will be 1,650 houses a year operating on an eight-hour day. The new plant will be near the present Gunnison factory at New Albany, Ind., across the Ohio River from Louisville.

The one-level building will permit most effective use of production-line technique.

• **Other Units Planned**—If present plans hold, eight other plants will be built to serve the entire country and cut the shipping costs involved in long hauls from New Albany.

Gunnison houses have been of wood frame and plywood panels, contained little steel beyond conventional hardware and equipment. Company announcements reveal that the first postwar deliveries (scheduled for February) will be pretty much like prewar models with the exception of minor improvements in floor plans. Gunnison mentions experiments with special glues to bond steel to wood and research on light alloys for steel frames and panels, but indicates that such innovations are to be taken up with due deliberation.

• **Demand for Steel**—The steel corporation is not so coy. Its research engineer, Milton Male, recently made a blunt demand for the use of more steel "in the prefabrication of postwar

homes." He emphasized the maintenance economy achieved by eliminating the shrinking and warping which cracks wall finishes, jams doors and windows, opens joints.

Since the Gunnison deal, the prefab industry has wondered whether Big Steel would consolidate activities of the New Albany plant with similar production by its larger subsidiary, Tennessee Coal, Iron & Railroad Co., Birmingham. Be-

### SUBTERRANEAN EXPLORING

At Gulf Oil's laboratories at Har-marville, Pa., Dr. H. G. Botset, Gulf technician, demonstrates an electrically operated "oil field" developed to conserve oil that otherwise might be lost below the earth's surface. Heart of the device is a collection of plastic liquid-filled tubes arranged on a sensitized gelatin mat in the relationship of wells on a given field. One set represents producing wells (black dots, below left), the others input wells (ringed dots) through which water or dry petroleum gas is pumped to force oil toward producing wells. A dye from the tips of the "input wells" forms patterns on the mat (below, right), designating points at which one or more output wells are blocked off or rendered inaccessible. Once

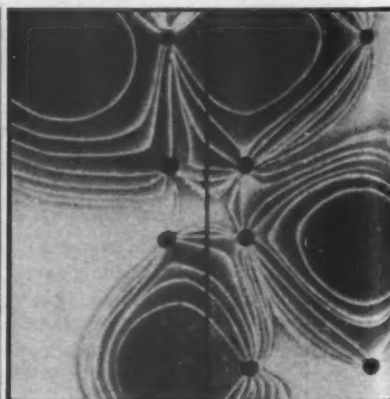
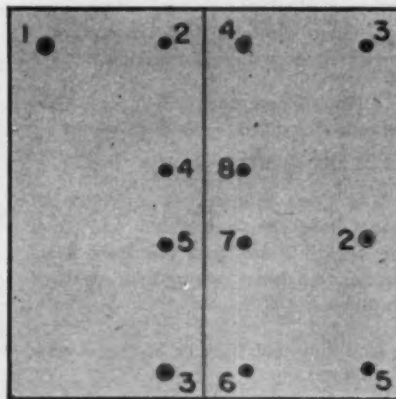
fore the war T.C.I. developed a standard steel panel used by licensees to prefabricate farm dwellings, barns, etc. (BW-Feb.19'38,p38). T.C.I. will continue to sell its panels to licensees regardless of what happens at New Albany.

• **Revising Plans**—With the New Albany plant, Big Steel took over the services of Foster Gunnison, head of the concern and one of the most adventurous sales executives in the prefab field. (In an early edition of his house Gunnison included a handy shelf of books for bathroom readers.)

While he waits for the materials necessary for production, Gunnison is polishing up revisions of home layouts, studying costs, and rebuilding his sales force. Before the war he sold 4,500 homes costing from \$3,500 to \$8,000, ranging in size from two bedrooms, one bath, living room, and kitchen to three bedrooms, two baths, living room, dining room, kitchen. It is estimated that postwar prices will be 22% higher. Gun-



the ideal operation is worked out model-wise, it can be translated to action in the given field for efficient procedure in recovery operations.



nison figures that his houses will cost \$30 to \$60 a month when financed through Federal Housing Administration's mortgages.

• **Exclusive Dealers**—The revived Gunnison sales organization will be made up of exclusive dealers, as before the war. Those first to be appointed will serve the 72 larger towns within a 200-mi. radius of New Albany. The company has applications from some 3,500 persons who want to handle the Gunnison line.

Dealers will receive an 8% net profit on houses sold. First campaigns will be in small communities where less opposition will be encountered from antiquated building codes and the A.F.L.

Gunnison is recruiting men from among mortgage bankers, building and loan officials, builders, and real estate dealers. The types sought are minutely described in a company form which sets forth qualities wanted or not wanted and even carries an idealized portrait of the proper personality (posed by a professional model). Example: The "composite general manager" must be, among many other things, emotionally stable and have an IQ of 100 to 120.

• **Merchandising School**—There is a Gunnison Homes Institute to train the staff in home fundamentals and in merchandising the line. The four-day course starts each Monday, accommodates 50 "students." Since February the school has graduated 3,000, many of whom were employed by mortgage lenders, savings and loan societies, federal home loan banks, insurance companies.



Lured from Henry Kaiser, Lewis A. Belding, new head of Harlan & Hollingsworth, hopes to reestablish the company's old line—building rail cars.

## Into Car Building

Harlan & Hollingsworth goes back to its original line, plans to cash in on railroads' urgent need for rolling stock.

Railroading was in its infancy in 1836, when the company now known as Harlan & Hollingsworth Corp. was organized in Wilmington, Del., to build railroad cars.

Late this fall, returning to its line of 109 years ago, the company will begin production of railroad cars. Capitalizing on the pent-up demand for rolling stock, with an aggressive new president, and with ample financial resources at its command (the company has been owned for two years by S. S. Neuman, president of Publicker Industries, Inc., Philadelphia, and his three brothers), Harlan & Hollingsworth will build freight cars. Capacity will be 4,000 cars a year.

• **Soliciting Business**—Lewis A. Belding, hired away from Henry J. Kaiser Co. by the Neumans to head Harlan & Hollingsworth, has the plant conversion work at Wilmington well under way, and now is out soliciting railroads for business. And he isn't afraid to use his company's connections with Publicker (a big rail shipper through its alcohol and distilled spirits manufacture) as a means of getting orders on a "you scratch my back and I'll scratch yours" basis.

Railroads, of course, are now crying for cars, so Belding is being welcomed joyfully by most carriers—particularly since he has no burdensome backlog, can promise speedy delivery. So Belding doesn't expect that the present situation, which finds the firm without an order on its books, will continue long. He looks for a \$15,000,000 annual business, hopes to employ 500 workers.

• **Looking Abroad**—In its early carbuilding history, Harlan & Hollingsworth got into the export business and built that up to a respectable size. Belding has his eyes on this field, too. He has a working agreement with Baldwin Locomotive Works whereby the two will collaborate on foreign inquiries for locomotives and freight cars—Baldwin to provide the former, Harlan & Hollingsworth the latter.

In switching back to the rail car business, the Neuman-owned concern is abandoning another line in which it has actively figured through most of its history—shipbuilding.

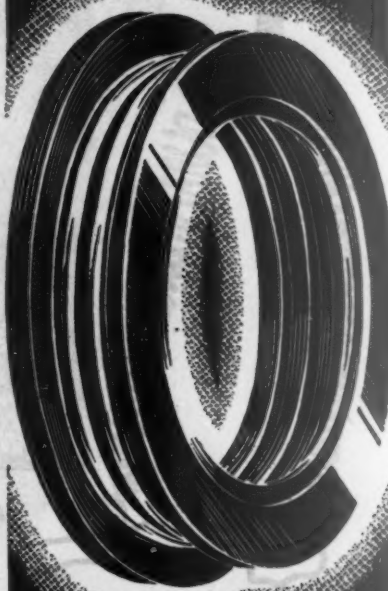
• **A First Is Claimed**—The company began making boats in the early 1840's. It lays claim to building the "first iron sea-going propeller steamer constructed in the United States." This was launched

Another reason why engineers and designers

**"Look to Cook"**

for new and improved components for their new and better products

*"Spring-life"*  
**GYRO-SEALS**



### NEW TYPE ROTATING AND STATOR SEALS

The most recent development emerging from the engineering laboratories of Cook Electric Company is the "Spring-life" Gyro-Seal, a development which began at the specific request of a manufacturer who was seeking something "better" in a rotating seal.

By incorporating a "Spring-life" bellows, sealing members with lapped finishes that can be furnished to within one light wave of flatness, and by using the advanced metal joining and heat treating techniques that have become such an important part of Cook's advanced engineering, the desired results were accomplished. Gyro-Seals have many distinct advantages. No auxiliary springs are necessary. They will operate on both external and internal pressure and have been built to withstand 5,000 lbs. p.s.i., for operation in a range of from slower than 1 R.P.M. to faster than 4,000 R.P.M. Corrosion problems are readily overcome because "Spring-life" bellows can be made of all types of metals, and a specific type of bellows is selected to suit each application and problem.

It is advanced components such as the Gyro-Seal and other Cook products that will enable industry to produce the anticipated post-war miracles as it has produced the wartime miracles.



2700 Southport Avenue • Chicago 14, Illinois



**Stewart Chain Link Fence**  
**means KEEP OUT!**



**made with**  
**KEYSTONE Wire**

"Keep Out" takes on definite meaning when the premises are enclosed with Stewart Chain Link Fence . . . literally an iron-clad "stop" to would-be trespassers. That's why you'll find countless miles of Stewart Chain Link Fence around industrial plants, warehouses, storage yards, as well as airports, institutions, parks and estates from coast to coast.

Into this rugged protective fence the Stewart Iron Works Company of Cincinnati, Ohio, annually fabricates thousands of tons of Keystone wire.

Stewart, a company with 60 years of established reputation, finds in Keystone wire the uniformity of quality, easy fabrication and durability that help them sell their product and keep it sold.

**KEYSTONE STEEL & WIRE COMPANY**  
PEORIA 7, ILLINOIS



in 1844 on Christiana Creek, bordering the rear of the plant.

Bethlehem Steel Corp. purchased the firm in 1904 and used the plant to build steel passenger cars, marine engines, and boilers; also to serve as a repair shop for its steel plant at nearby Sparrows Point, Md.

• **Schwab's Pet**—The late Charles M. Schwab, chairman of Bethlehem, regarded H. & H. as his pet, installed elaborate private offices—including a dining room and kitchen—at the plant. Belding now is "rattling around" in those outmoded but still sumptuous offices.

During the first World War, the plant was operated for the U. S. Shipping Board, building marine engines for ships of the Emergency Fleet Corp. In the second World War, it turned out principally landing boats for the Navy, boilers for Russia, and ship parts for the Philadelphia Navy Yard.

• **Sold in 1943**—Exact reason for Bethlehem's disposing of the property was not revealed, but late in 1943 the Neuman brothers bought it at a price described as "a steal." (The fact that Publicker long has been a good customer of Bethlehem apparently figured in the sale.)

Casting about for a postwar use for the well-equipped plant, and for a man to run it, the new owners appear to have hit on both at about the same time.

Belding was summoned to Philadelphia, offered the presidency on a salary plus profit-sharing basis, promised all the funds he needed for equipment and capital. He accepted the post before inspecting the plant.

• **As Good As Ever**—When he finally did look it over, he discovered, among other things, that part of its machine shop building was erected in 1841, but still is as good as the day it was built. He also discovered facilities beyond his rosiest expectations.

Belding, an engineer turned salesman, has more than 20 years' experience in the freight car building business. Once a production engineer for the late Thomas A. Edison at Orange, N. J., he later was plant manager and salesman for American Welding Co., Carbondale, Pa. When the owner decided to sell out, Belding scraped \$1,000 together, took a 90-day option, and sold the plant to American Car & Foundry Co. two days before his option was due to expire.

• **Hired Away**—He ran American Car's special car department for three years, then was hired away by General American Transportation Corp. of Chicago in the same capacity. Just 15 years to the day after joining that concern, he resigned.

Henry Kaiser about this time was

# Stretching railroad party lines



USING the "magic" of Aireon railroad radio—trainmen, enginemen, yardmen and others are all included in the "party line." ■ Aireon makes two types of railroad radio equipment. The FM induction system passes the message from the moving train to wayside wire lines, picks it off at the receiving end. The VHF space system flashes the message through the air, connecting terminals and trains, or engine and caboose. These systems can be operated together or independently. ■ Because of the simplified nature of Aireon equipment, initial installation cost is low and telephonic quality communication is made available at any point on the railroad...instantaneously. ■ We would like to tell you how Aireon equipment will speed the movement of freight, cut switching costs and expedite schedules. But better yet, let us demonstrate. Aireon operates its own rolling train communication laboratory...this car is all set to shunt onto your own line and demonstrate Aireon advantages. Any Aireon office will be glad to arrange details.

## Aireon

**MANUFACTURING CORPORATION**

Radio and Electronics • Engineered Power Controls

NEW YORK • CHICAGO • KANSAS CITY • BURBANK

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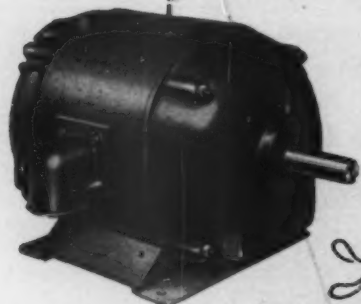
## Three ways to handle a drip!

When you're stuck with the spellbinding variety, yawn and become engrossed in the state of your fingernails. That failing, head for the showers. If trapped, blast with a niblick. This stroke is not without penalty, of course, but no jury would ever convict you.

Take that dark and stormy night when you're caught knee deep in the stuff that they say droppeth gently from heaven. Think how badly our farmers need rain! Or how terrible life must be in the Sahara—think of *anything* but the fact that the errand the little woman sent you on wasn't important anyway.



But if you use electric motors that must necessarily be exposed to dripping liquids, grease contamination, falling objects, or any kind of mechanical injury from above—it's a cinch! R & M Uni-Shell Motors—long recognized for uniform interchangeability of all types in any one frame size—now offer uniform protection as well. Get all the facts, first hand, on this brand-new line of Protected Head Uni-Shell Motors, by writing the Motor Division for your copy of Folder 1904-BW, today! On your business letterhead, please.



**ROBBINS & MYERS • INC. SPRINGFIELD, OHIO**

In Canada: Robbins & Myers Co. of Canada, Ltd., Brantford, Ontario

planning to erect a car building plant in connection with his steel works at Fontana, Calif. He got Belding to lay it out. But the Army stepped in and took the project over for manufacture of 155-mm. shells. So Kaiser told Belding to maintain his contacts with the railroads but not to try to sell any cars. Belding was at this unique job when the Neumanns hired him.

### SMALL PLASTIC AUTO

A California corporation has been organized to produce a small \$400 to \$500 automobile under the trade name of Bobbi Kar. The Bobbi Motor Car Corp., capitalized at \$100,000, is negotiating for approximately 45,000 sq. ft. in Consolidated Vultee Aircraft Corp.'s No. 2 plant at San Diego. First deliveries are expected early in 1946.

An experimental chassis with 72-in. wheelbase is undergoing tests. Two styles of laminated plastic bodies—one a pleasure car and the other a light delivery unit—are planned.

Both models will use the same chassis design, incorporating rear-mounted 1-cylinder engines developing approximately 16 hp. and connected to the rear wheels through a chain drive and centrifugal action clutch which will eliminate gear-shift, transmission, and differential. Designers of the 500-lb. car expect it to run 50 mi. on a gallon of gasoline and up to 60 mi. per hour.

Operation promises to be simple. The clutch requires no pedal, and all gear-shifting is eliminated except for backing, a reverse lever being provided on the steering column. Foot accelerator, brake, and steering wheel are the only other controls.

Sales plans include national distribution through dealerships and heavy emphasis on the export market.

### COTTONSEED OIL PROCESS

Nearly five months of successful operation of a pilot plant built by the Delta Products Co., Wilson, Ark., and equipped by the Allis-Chalmers Mfg. Co., Milwaukee, for the extraction of cottonseed oil by a new solvent process, foreshadow the installation of full-sized plants next spring.

Recovered oil is said to be practically the same as the usual hydraulically processed product in all important characteristics. Although costs for equipment and power are about the same, fewer operators are required. Cottonseed meal left by the solvent process contains only 1% of the valuable oil as compared with an average of about 6% left by the older process. Allis-Chalmers executives predict a definite change in the cotton economic picture.



# NEW PRODUCTS

## Nail Maker-Driver

Late last spring the bare report appeared that there was in the offing an automatic nailing machine for the



furniture and woodworking industry that would make its own nails from wire and drive them at speeds up to three nails a second (BW-Jun.16'45,p52). Now comes the Auto-Nailer, new product of the Auto-Nailer Co. (subsidiary of the Auto-Soler Co.), Atlanta, Ga., to substantiate the intimation.

The machine, which is powered by an electric motor in the base column (not shown), utilizes a coil of specially knurled wire for its nails. Length of a particular nail is controlled by a calibrated dial set quickly in advance. Nails are driven as desired, flush or countersunk, by pressing a pedal for each stroke or holding it down for a continuous series of strokes. Heart of the tool is said to be an ingenious pair of precision shearing knives which cut the wire to correct length and at a sharp angle for easy driving, yet get out of the way of the driving mechanism at each stroke in much less time than it takes to describe the operation.

## Voiceless Plant Control

No voice goes out over the wires of a Temporator, the new intercommunicating plant control system developed by the Simplex Time Recorder Co., 3 Lincoln St., Gardner, Mass.; but rather a series of unmistakable numerical and alphabetical symbols that are dialed in the manner of a modern dial telephone.

As the symbols (which may identify production operations, materials, colors, order numbers, part numbers, employees, whatever) are dialed from a central control board, they are flashed upon and are visible simultaneously at the board and any designated substation. As substations dial their replies or queries, symbols are flashed similarly.

A combination of symbols delivers any desired directive, query, or report. A typical installation of the system with a single 6-unit control board and two or three dozen substations is reported to be handling as many as 4,000 messages a day from over 1,000 men with an average of one call every eight seconds. Paper work in the shop and other tied tape are said to be practi-

## THINGS TO COME

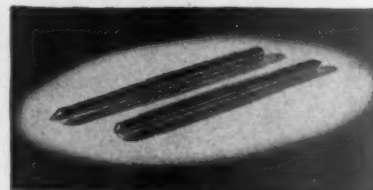
Less than two months hence a radically new horizontal lathe should be ready for the machine shops of the nation. No longer will clean, precision operations be hampered by the tendency of chips to fall into the machine's ways and tool slide, because both of them will be vertical-set on edge at the rear of the tool. Two duplicate pieces will be turned in considerably less time than it now takes to produce one, not only because there will be two turning spindles but because all operations including a variety of diameters will be handled automatically and in precise time sequence at one quick push of a convenient button.

- Certain flashlights of the immediate future promise to show the way clearly through the dark by reason of the absence of any dark spots in the illuminating pattern. Explanation of the lack is said to lie in a newly designed reflector that may also be used in floodlights, spotlights, searchlights, and electric lanterns.

- Pilots of forthcoming personal planes will require no radio headphones for airport guidance into happy three-point landings. Their sky vehicles are being sound-proofed and their engines muffled to a point where they can adopt a new radio receiver which will be equipped with a speaker after the manner of almost every modern home radio.

## PRECISION PARTS

## A PART IN THE PEACE-TIME PICTURE



"...four diameters to .0005..."

Just as these countershafts did a very necessary job for the U. S. Army Signal Corps under war-time conditions... so will they be equally effective in peacetime telephoto transmission.

Ace manufactured the part complete from stainless steel. The four diameters were precision-ground to critically close tolerances, all concentric with each other. On one end was inserted a 1/8" diameter hardened steel ball, and on the other end a 60° angle was ground to a pinpoint.

Not only was it necessary to maintain exceedingly close tolerances on the diameters and the over-all length, but the concentricity of all dimensions in relation to each other likewise had to be maintained. The entire process necessitated special engineering skills by precision experts.

Many successful peace-time products will make use of our war-taught accuracy. If you are thinking in terms of small parts or assemblies which call for stamping, machining, heat-treating, or grinding, let Ace help you find your part in the peace-time picture. Send us a sample, sketch, or blueprint for quotation.



This new booklet describes the facilities available.



**ACE MANUFACTURING CORPORATION**  
for Precision Parts



1211 E. ERIE AVE., PHILADELPHIA 24, PA.



Reg. U. S.  
Patent Office

Doc Steelstrap is back from the war! Now your individual needs come first! To the thousands of manufacturers for whom Doc Steelstrap is a symbol of friendly, efficient service, this is good news.

Doc is again available to prescribe Acme methods of package reinforcement and bracing of carload shipments—to effect lower distribution costs and assure maximum product protection. Write or call any office.

New York 17 Atlanta Chicago 8 Los Angeles 11

**ACME STEEL COMPANY**

ACME STEEL CO.  
CHICAGO

cally eliminated. Customers' orders, contingent upon specific delivery dates, are promptly accepted or rejected. A constant flow of figures on production has become instantly available for costing, extending, posting, and inventory. The system is said to be capable of installation without upsetting present plant layouts.

### Cellulose Propionate

Forticel, the versatile plastic just announced by the Celanese Plastics Corp. (division of Celanese Corp. of America), 180 Madison Ave., New York 16, is brand new in the sense that it is about



to get into commercial production—old in a laboratory sense. Although the chemical feasibility of uniting cellulose from linters or wood pulp with propionic acid from natural gas to produce cellulose propionate has been known for some years, commercialization has had to await the completion of a new plant at Bishop, Tex., for the production of the acid at a reasonable price.

As it will come to market early next year, the odorless thermoplastic is a blend of cellulose propionate with plasticizers calculated to speed the injection molding or extrusion of the cellulose by as much as 25%. Since the material has a specific gravity of 1.2 or less, a pound of it is said to make 8% more pieces than a pound of cellulose acetate. Toughness, or impact strength, and dimensional stability are high in comparison with other celluloses; water absorption is low; electrical properties are said to be excellent. Colors and color effects are reported to run the full range of the spectrum—all with a luster and a brilliant mold finish obtained without any mechanical polishing whatever.

## SERVICE REPORT

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Today I inspected the Parker Packing Test Machine, designed and built for Wright Field Aeronautical Laboratory. The machine tests synthetic rubber packing rings for aircraft through a temperature range of  $+160^{\circ}$  to  $-70^{\circ}$ . Rings must withstand 70,000 cycles of operation at both temperatures. Heat is provided by electric resistance coils and chilling by dry ice and alcohol. Distribution is by fan, and hydraulic system

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The machine has had 2 years continuous service, without trouble of any kind -- a typical Parker service record.



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The principle of this fitting is the basis for modern Fluid Power Systems.

The record of Parker fittings, valves and fabricated tubing is one of complete dependability in both war and peace.

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## C. & O. Family Quarrels

Young brandishes whip at group opposing merger proposal, pointing out attractions of other consolidations to achieve rail system. Warns that retaliation is possible if unification loses.

Robert R. Young, the ex-investment banker who took up where the Van Sweringen brothers left off, has been concentrating on the sleeping car business of late. As a leading member of the Otis & Co. syndicate which is out to buy Pullman Co., he has expended much energy on that project (BW—Sep. 1'45,p26)—but not to the exclusion of other important items on the Young calendar.

Young showed last week that he hadn't forgotten what a big job he has on his hands in the attempted consolidation of the various railroads of the Chesapeake & Ohio family into the East's third largest trunk line system (BW—Jun.30'45,p66).

• **Defense by Offense**—The chairman of Alleghany Corp. and C. & O. has always operated on the principle that the best defense is a good offense. Wall Streeters and railroaders who have tangled with him in the competitive bidding fracas (BW—Jun. 23'45,p70) can testify to that.

This time, Young took the offensive against those who might balk his long-cherished merger dream. He had already seen to it that the C. & O. family plan was quickly approved by the directors of the New York, Chicago & St. Louis (Nickel Plate), the Pere Marquette, and the Wheeling & Lake Erie. Also, he knew all about the grumbling of certain affected and disaffected security holders.

• **No Deviation**—To clear the air before the next big move, which will be presentation of the merger plan to the Interstate Commerce Commission, the C. & O. chairman delivered an ultimatum to the dissenters. He flatly asserted that the proposals were fair to all concerned and indicated that there would be no deviation from the original consolidation terms.

Young also made some thinly veiled threats. Objectors were told that a C. & O. merger with the Atlantic Coast Line, the Erie, and/or the Missouri Pacific systems could be just as attractive as a family consolidation.

• **Parental Warning**—He also warned that if stockholder dissent defeated the present merger plan, C. & O. might

consider selling its controlling interest in Nickel Plate, W.&L.E., and P.M. That, he emphasized, would materially impair the earning power of those roads, since no small part of their present net results from loadings received because of the parent's bargaining power in exchanging traffic with other lines.

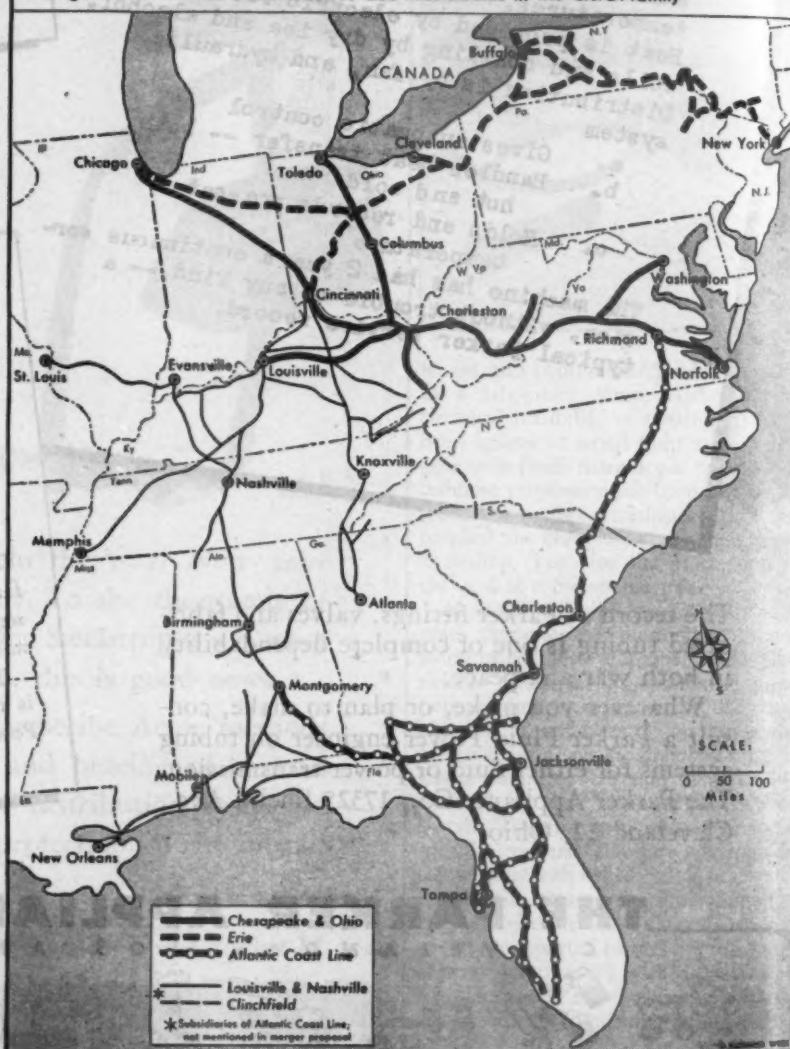
To show that he wasn't fooling, Young revealed that his Alleghany Corp. (which controls C.&O. through ownership of some 8% of its shares) was approached last spring by another group seeking collaboration in a deal for working control of Atlantic Coast Line. That control (some 26% of the road's outstanding stock) has long been held by the Atlantic Coast Line Co. of Connecticut.

• **Bid Turned Down**—A bid for the shares later materialized, Young said, but was turned down. Wall Street hears that \$100 a share was offered, though the stock hasn't sold at that figure since 1930 and hasn't risen above \$85.50 this year.

Most persistent objectors to the C.&O. merger plan to date, and presumably the ones at whom Young's remarks were directly aimed, have been

### NEW RAIL MERGER—DREAM OR THREAT?

Young fashions another combination to club recalcitrants in the C.&O. family



the holders of Nickel Plate's \$100-par 6% preferred stock. Because no payments have been made since mid-1931, dividend arrears on that stock are \$85.50 a share.

• **Terms of Exchange**—Under the C.&O. plan, the holders of that particular stock are called on to exchange each share for one share of a new \$100-par C.&O. 3½% convertible preferred issue and ⅙ share of new common. The new preferred would be convertible into 1.6 shares of C.&O. common (or at a price of \$62.50 compared to the present Big Board price of \$58.625) and also callable on any dividend date at \$105 per share.

The objectors say that such an arrangement gives only minor recognition to the huge amount of back dividends due them. Over a long period, they were willing to see the arrears pile up because they were aware of Nickel Plate's need to use all available earnings for property improvement and financial rehabilitation.

• **Changed Picture**—Over the last decade, they have seen more than \$113,000,000 of maintenance charged against earnings and plowed back into the property. Since the 1940 year-end, also, they have seen \$22,000,000 spent for equipment, and they believe that the physical plant is now in excellent shape.

Moreover, they have seen funded debt cut from \$164,000,000 to \$116,000,000, or by about 30%, and yearly fixed charges almost halved, or sliced from \$7,400,000 to some \$3,800,000.

Consequently, holders of Nickel Plate's preferred shares believe they are entitled to some consideration. They think the merger idea is a good one, but don't like the terms affecting them.

• **Cash Payment Sought**—One prominent stockholder group, which claims to represent some 60,000 shares of the 360,000-odd outstanding, holds that a cash payment of \$10,000,000 (about one-third of present arrears) should soon be possible. These stockholders say that working capital at the 1945 year-end should approximate \$20,000,000, whereas the road's normal requirements for that purpose are only \$5,000,000.

More than a few of Wall Street's rail students think such a payment would be only fair, especially since earnings on the stock in the five years through 1944 totaled almost \$114 a share and it is now estimated that the 1945 net will approximate \$25 a share.

Many owners of Nickel Plate preferred are particularly displeased by what they regard as poor treatment given their shares by comparison with that given the road's common stock, 57% of which is owned by C. & O. Holders of Nickel Plate common are scheduled

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to receive, per share, 9/10 of a share of the new C. & O. common.

• **Rubbing It In?**—Taking the new preferred at a price of par and assigning a value of \$58 to the new common, the preferred stockholders figure that they would be getting only around \$136 worth of new securities, despite their years of sacrifice, compared with the \$48 that holders of common stock would receive. Even to outsiders, that looks like rubbing it in, and many large and small holders of the preferred are reported determined to upset the apple cart unless some better provision is made for them.

The biggest group of dissenters isn't worried by C. & O.'s prediction that, on the basis of prewar earnings adjusted for higher postwar tax rates, Nickel Plate will find it difficult to pay more than \$6 a year on its preferred in the postwar period. The group merely points out that the road's yearly fixed charge and preferred dividend requirements now come to less than \$6,000,000 as against the \$7,900,000-\$7,000,000 load of fixed charges alone that prevailed during the 1930-39 period, and that both would have been earned in each of those years except 1932.

• **Threats Discounted**—Though they think Young is bluffing, these dissenters are willing to take a chance on C. & O.'s disposing of its Nickel Plate holdings if the merger doesn't go through. They claim that "substantial investment interests have already indicated their confidence in the Nickel Plate as an independent enterprise by offering to purchase the C. & O.'s controlling interest."

The group is not at all disposed, either, to take seriously Young's threat of seeking a merger with other roads if a C. & O. family consolidation can't be worked out. In view of what happened to the Coast Line stock deal earlier this year, the dissidents regard such a step as "unrealistic."

• **What Will ICC Say?**—How the ICC will regard the terms of the merger is a most important matter still to be settled. Wall Street thinks that Young may make some concessions later on to get the plan through. Already reports are heard that C. & O. is considering making the suggested new 3½% preferred noncallable for the first five years. Such a step might well result in a much higher initial price for the shares. Some observers even think it could mean as much as a 10% increase in the valuation of the basket of securities offered to Nickel Plate's preferred stockholders.

It is generally thought that the holders of Pere Marquette's two preferred stock issues will also have something to say about the merger terms before long. They are in pretty much the same

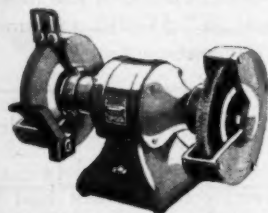


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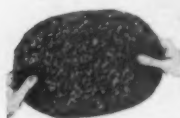
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## KENTUCKY HOME—BUT NO SUNSHINE

In Spring Station, Ky., a modest white building with about \$200 worth of furniture in it has long been the focus of a feud between the state of Kentucky and the Southern Pacific railroad. To effect tax savings, S. P. makes its corporate domicile in that building, despite the fact that its nearest tracks are almost a thousand miles away. Kentucky, however, wants its cut. It levies not only an income tax on holdings in the state but last year, for instance, it also sought to collect a tax on a company franchise, assessed at \$6,000,000, and on \$6,094,969 of "nonoperating intangibles" or S. P. securities held in the state. Currently the carrier is contesting Kentucky's attempt to collect almost ten million dollars of back taxes. Meanwhile, Kentucky has decided to get really tough; last week it boosted the S. P. "intangibles" assessment by more than 14,000%. Now it seeks to levy on all Southern Pacific securities instead of just those held in the state. However, when it fixed the new \$873,853,956 assessment, it charitably dropped the \$6,000,000 franchise assessment.

predicament, though their basic position is perhaps less favorable.

• **Some C. & O. Doubters**—Likewise still to be heard from are C. & O.'s own stockholders. Many in this group, according to reports, are starting to wonder if a merger of the four properties might not result in a more volatile earnings record over the longer term.

Don't begin writing the C. & O. family merger off, however. Young is a wily trader and, as Wall Street knows, very resourceful. There is also still plenty of time for dickering ahead.

## I. C. ASKS FOR TENDERS

Wall Street rumors that the Illinois Central R.R. was about to embark on a program designed to remove a portion of its heavy 1950-55 funded debt maturities (BW—Oct. 13'45, p. 73) were confirmed last week when directors of the road authorized the management to take

certain concrete steps in that direction at once.

Following earlier steps to cut down its unwieldy funded debt load by the payment of maturing obligations and by the purchase of bonds in the open market for retirement, the road has now been authorized to ask for tenders of \$54,000,000 of its outstanding 1950-52 maturities.

The bonds in question are comprised of 14 noncallable 3%, 3½%, and 4% issues outstanding in amounts ranging from only \$1,500,000 up to \$11,600,000, and most are currently selling at prices ranging from 103% to 105% of par down to levels somewhat under face value.

No stated price limits for the tendering of bonds by their present holders have been set by the system. The road is merely reserving the right to accept such bonds as are offered for purchase at a "satisfactory" figure.

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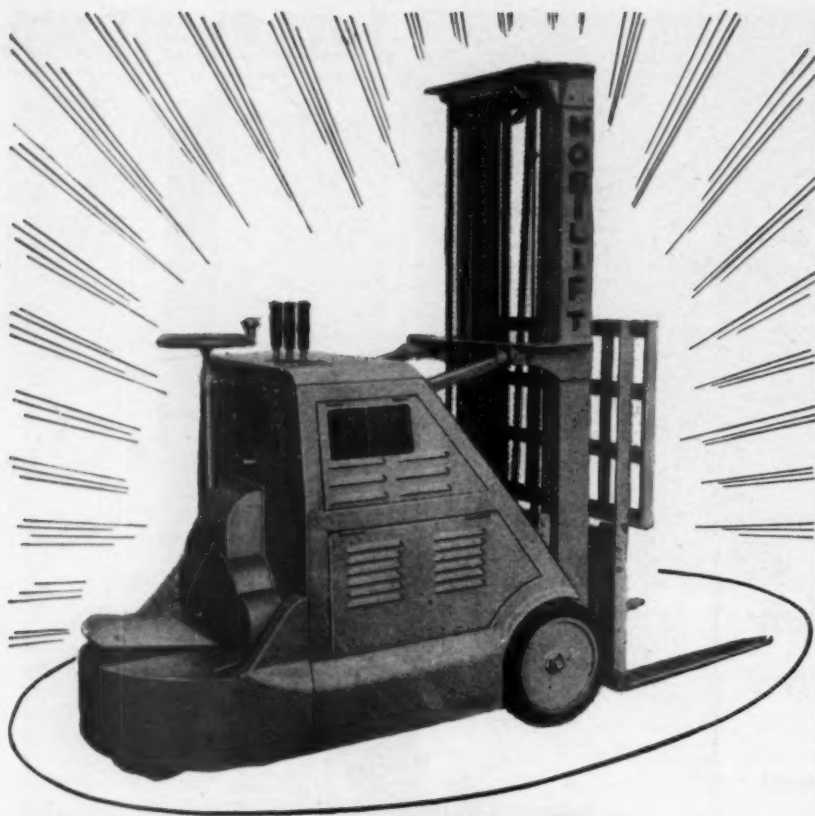
Many of the Nation's leading manufacturers have located plants in these smaller communities where they find a spirit of genuine good

will and cooperation that smooths the path of management. Here in our small communities will be found pleasant living conditions, lower living costs and an ample supply of labor that is easier to train, more cooperative and willing to produce efficiently.

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## Basket Bid Upheld

SEC rejects protest of Halsey Stuart on bond-stock award to Morgan, Stanley & Co. by Cincinnati Gas & Electric.

Last week's \$310,774,000 of security underwritings only narrowly missed setting the year's weekly high point in Wall Street's new corporate issues market. Actually, in the 19 individual offerings handled (ten bond, five preferred, and four common stock issues), the week did succeed in establishing a new 1945 peak.

• **Old Quarrel Renewed**—But these weren't the only newsworthy features in last week's rush to complete financing plans before the Victory Loan takes over shortly. Out of the same proceedings arose another of the now famous Halsey Stuart & Co.-Morgan, Stanley & Co. duels (BW—Jun. 23 '45, p70).

This time the legality of "basket bids," a long-smoldering controversy, was the subject of acrimonious debate before the Securities & Exchange Commission between those two leading advocates of the competitive bidding and the old-fashion negotiated deal methods for disposing of new corporate securities.

• **Joint Bid Accepted**—The question of basket bids has lately been concerned only with the utility field where quite a number of companies have been able to effect at one time comprehensive refunding operations involving two or more kinds of issues (normally stocks and bonds). In many such cases bidders for the new securities have been given the right to submit separate bids for each issue offered and, at their own option, to submit an inclusive (basket) bid covering the entire offering on an "all-or-none" basis.

Halsey Stuart, which handles "only bonds and evidences of debt," has long contended that all-or-none bids are unfair. Last week it wasted no time seeking a showdown when its bid for \$45,500,000 new Cincinnati Gas & Electric bonds—actually the highest offer tendered for the issue—was turned down. The bonds, and 270,000 shares of preferred stock, were awarded, instead, to Morgan, Stanley on a basket bid netting the utility company more than it could have secured by selling the issues separately to the highest bidders.

• **Method Assailed**—Harry L. Stuart, head of Halsey Stuart, appeared before the SEC in an attempt to block SEC clearance of the award to Morgan, Stanley. Calling basket-bidding basically unsound since it often results in one

financing operation covering various classes of securities having "appeal to different markets and underwriters," Stuart also charged that it was a practice that made possible discrimination against any house which has long specialized only in the sale of stocks or bonds.

Neither the public nor the issuer, Stuart insisted, can be served with the best results when securities are mixed in this fashion.

• **Bid Defended**—Morgan, Stanley, in justifying its Cincinnati Gas & Electric deal, made no attempt to defend basket-bidding. The house indicated that it didn't care whether the practice was continued in the future or eliminated. In this instance, however, it had met all the requirements of the issuing company and it failed to see the justice of Halsey Stuart's demands that the rules be changed in the middle of the game.

Morgan, Stanley also suggested that there was something to say in favor of houses that are willing to risk their capital by underwriting industry's equity capital requirements instead of concentrating on the handling of only senior capital issues.

• **—And Is Upheld**—After the arguments ended, the SEC quickly announced its decision. It found no basis for interfering with Morgan, Stanley's basket bid.

Wall Street, in general, was not surprised at the outcome of the case and doesn't see how, on the facts, SEC could have made any other ruling. Whether it clears up the "legality" of basket bidding, however, is another matter. Many in underwriting circles aren't so certain that Stuart's efforts on the subject were entirely fruitless, and suspect that the debate may be resumed at a more propitious time.

## BUYS CREDIT COMPANY

Consumer financing has been one of the important activities of the Giannini interests of California.

Last week as the Bank of America reached the top rung in banking (BW—Oct. 20 '45, p. 76) two of its sister corporations in the Giannini empire took a deeper plunge into consumer financing.

Transamerica Corp. and its wholly owned Occidental Life Insurance Co. purchased the \$17,000,000 Allied Building Credits, Inc., from the associated Weyerhaeuser timber interests.

Weyerhaeuser created Allied Building credits ten years ago as an aid to lumber dealers in the financing of lumber purchases and to contractors in writing residential mortgage loans. Over the years much of the credit firm's paper has found its way into the portfolio of the life insurance company. Weyerhaeuser will retain representation on the board of Allied Building Credits.

*This is under no circumstances to be construed as an offering of these Securities for sale, or as an offer to buy, or as a solicitation of an offer to buy, any of such Securities. The offer is made only by means of the Prospectus.*

## The Cincinnati Gas & Electric Company

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*Copies of the Prospectus may be obtained from only such of the undersigned as may legally offer these Securities in compliance with the securities laws of the respective States.*

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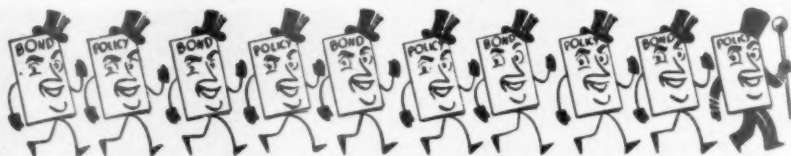
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# MARKETING

## 25¢ Books Lure Publishers

Wartime success of pocket-size reprints results in expanded programs for pioneers in the big volume field and attracts formidable competition from newcomers and old-timers in the book trade.

Biggest current news in the flourishing book publishing industry revolves around the 25¢ paper-backed reprint. Despite wartime paper restrictions, the 25¢ book has grown from an experiment, in 1939, to big business today.

• **Big Peacetime Market**—Publishers' plans for the 25¢ field are now hatching like flies in May. The trade is banking on past successes of books in this class and gambling that there's a big new market to be exploited among millions of discharged servicemen whose main source of reading matter during the war was the Armed Services Edition, a pocket-size reprint opening at the narrow instead of the long end of the page (BW—Feb. 24 '45, p45).

First U. S. publisher to hit the jackpot with a 25¢ line was Robert Fair de Graff, head of Pocket Books. Previous sporadic attempts to market books in this price field had failed. De Graff found the right combination—reprints of proved best sellers, distribution through magazine wholesalers who could put the books into drug stores, news stands, and other big-volume outlets, making them as ubiquitous as the morning paper (BW—Oct. 28 '39, p34).

• **Mass Distribution**—Distribution is the key to the 25-centers' success. In all the U. S. there are only some 2,000 retail book stores, and these are by no means evenly distributed across the country. The New York City area accounts for an estimated 25% of retail sales of hard-cover books; the entire South for about 3%.

To get more people to read more books, publishers made them cheaper, developed, in the course of the past 25 years, the inexpensive reprint. Simultaneously they hunted for new, and better, methods of distribution. Some new distribution techniques failed; others, notably the mail-order book club, stuck and prospered. But it wasn't until the 25¢ pocket-size book came along that the publishers hit the ultimate combination of low price plus mass distribution equal to that of magazines and newspapers.

• **Astronomical Sales Figures**—Today there are an estimated 15 to 30 publishers of 25¢ reprints. The number of

in-and-out operations makes an accurate count almost impossible. Pocket Books (now owned, along with Simon & Schuster, by Marshall Field) is still far ahead of the field. Between 4,000,000 and 5,000,000 Pocket Books are now sold every month and the 125,000,000th Pocket Book (a special compilation of Somerset Maugham) was sold a couple of weeks ago.

Most of the publishers who have come into the 25¢ business in the past six years have concentrated on mysteries, westerns, and detective stories. Penguin Books, Inc., offshoot of the British Penguin company, has been the only publisher, besides Pocket Books, to aim at a more general line of titles. Now, however, Pocket Books may be in for some heavy competition.

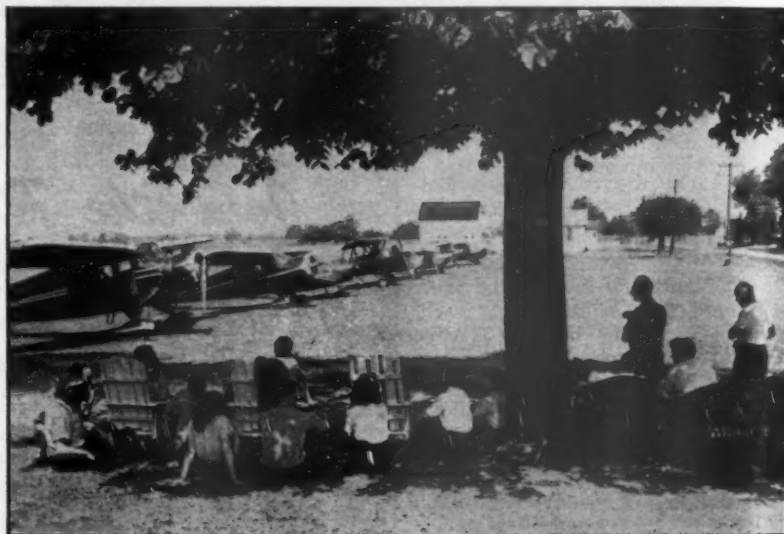
• **Bantam's Schedule**—Bantam Books, new venture jointly controlled by Cur-

tis Publishing Co. and Grosset & Dunlap (BW—Aug. 4 '45, p84), has stepped up its schedule, expects to have 20 titles on the news stands in December, issue four new titles a month thereafter. A sampling of the first titles shows that Bantam will aim for a balance of fiction, nonfiction, mystery, and westerns.

Through Curtis, Bantam, like Pocket Books, will go out to the country's 700 magazine wholesalers who, in turn, will distribute through an estimated 100,000 individual retailers—news stands, drug stores, candy stores, and the like. In addition, Bantam will have the advantage of Curtis' 600-man field force, which insures distribution which is not only complete but economical.

• **Pocket Books Challenged**—Bantam is the final rung in one of the publishing industry's biggest "ladders," a combination which includes an original publisher, a book club, and an odd-price reprint house. Grosset & Dunlap is a reprint house jointly controlled by four original publishers—Harper & Bros., Little, Brown & Co., Random House, Charles Scribner's Sons—and by the Book-of-the-Month Club, Inc. With the addition of Bantam the ladder is complete.

Bantam, like Pocket Books (which has an original publisher in Simon & Schuster but is not affiliated with a reprint house), draws on all publishers for titles since no one original house pro-



### WAYSIDE INN FOR AERIAL TRAVELERS

Motorists can find pleasant stopping places all along their way but the flyer who takes his family for a Sunday spin isn't always so lucky. To remedy this—and cash in on the trend to air travel—Park Ernsberger, a licensed pilot, has opened an airtrail inn on his farm near Norwalk, Ohio. Skyway tourists from nearby cities can buy lunch here and relax under a big tree (above), return home laden with farm vegetables and eggs. Planes come down on a landing strip between corn and wheat fields, taxi to the parking field adjoining the inn.





## ... BEGIN WITH "EMPLOYMENT ENGINEERING" HERE

**Y**ES — thousands of jobs have their beginnings in the experiments — the effort to find a new and better way of making and doing things — the trials and errors of engineers and technical men seeking a better material — a better process — a better machine.

In this modern industrial age, research is frequently the starting point of new industries—new factories—new jobs—new benefits for mankind. Research men explore the paths to better things for people to make and use—and in doing so create employment for millions of workers.

Research in the American way isn't limited to the elaborate laboratories of large industrial organizations or in the "pure science" atmosphere of institutions of learning.

Many important advances in methods and materials have been initiated by practical men — the workers at the factory machine or bench, the garage mechanic, the

farmer — all intent upon a better or easier way of doing something or accomplishing more in less time.

Other men of vision and enterprise recognize the value of the "new and better" — build and finance the industrial organizations — put men at work producing new and better things.

Allied with these Americans are the machine tool builders who create the high-speed precision machines to bring about faster, better production of the new and better things at lower costs for everyone to use and enjoy.

That's how this America of ours grows and prospers — through the will to progress that comes from the minds and hearts of hard-working Americans who look ahead.

### KEARNEY & TRECKER CORPORATION

MILWAUKEE 14, WISCONSIN

**Milwaukee Machine Tools**  
BETTER PRODUCTS—BETTER EARNINGS SPRING FROM BETTER MACHINE TOOLS



Recognize and respect the wearer of an Honorable Service Button. It is a badge of honorable service issued by our Government to veterans of the Army, Navy, Marine Corps and Coast Guard.



★ Industrial records prove that output per man-hour increases at the rate of approximately 50% every ten years. This National Industrial Par is the foundation of American industrial leadership and high living standards.

★ Elimination of waste—plus improved production techniques—plus the most modern machine tools are the controlling forces that increase

output per man-hour and cut production costs.

★ Ability to cut costs — not the cost of the tools themselves — are the deciding factors in determining machine tool needs. At least 10% of the total machine tool investment should be set aside yearly for machine tool replacement to enable your company to cut production costs — attain or excel Industrial Par.

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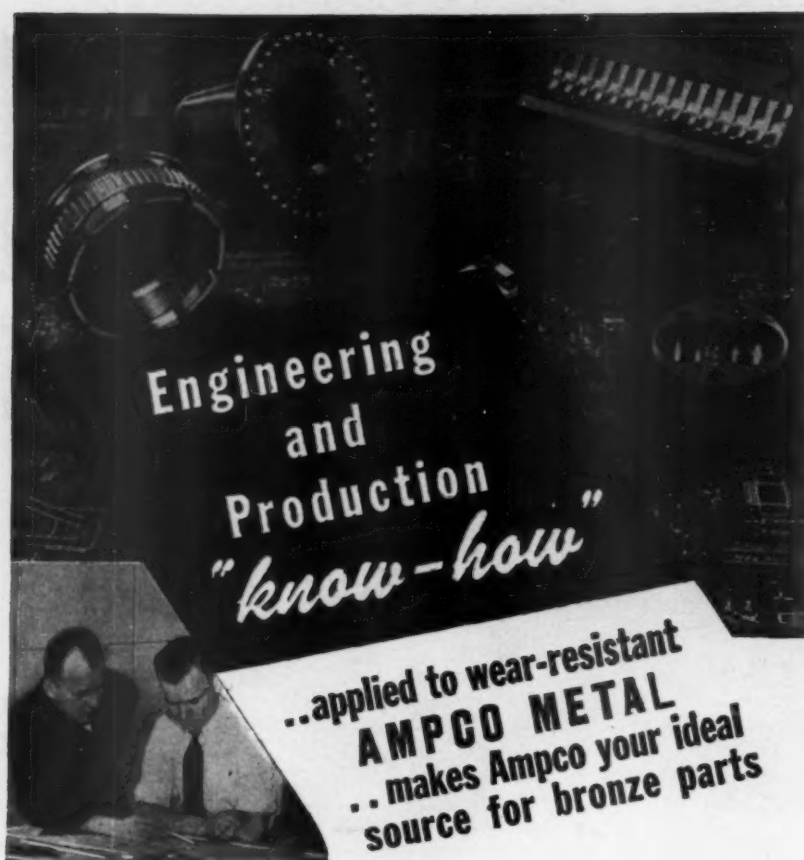
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27, 1945



Only from Ampco can you get all of these services and benefits:

- 1 Distinctive properties of resistance to wear, impact, fatigue, corrosion.
- 2 A series of engineered alloys — with physical properties to fit your application.
- 3 Quality control to hold these properties within narrow limits.
- 4 Diversified production facilities — coordinating in one place all the commonly used metal-working processes.
- 5 Engineering and production "know-how" to give you a practical manufacturing program.
- 6 A nation-wide organization of field engineers to assist you.
- 7 A record of proved performance in hundreds of leading makes of equipment.
- 8 A national reputation that makes Ampco Metal parts a sales asset.

The basic properties of this series of aluminum bronze alloys—their unique resistance to wear, impact, fatigue, and corrosion — are just the beginning of a successful application. It is equally important to select the correct grade for your purpose, and to design your part for practical production.

In this important aspect of service, the Ampco organization is pre-eminent. The Ampco engineering and laboratory divisions are large, competent groups — able to contribute significant ideas and suggestions, within the framework of your general design program and the operating conditions of your equipment.

It pays to consult Ampco at an early stage in your design problem. Send us your prints for helpful suggestions, or ask for technical bulletins. Address Dept. BW-10.

Specialists in engineering, production, finishing of copper-base alloy parts.



Ampco Metal, Inc.  
Milwaukee 4, Wis.  
Ampco Field Offices  
in Principal Cities

duces enough best sellers to supply the reprint trade. Publishers have long since forgotten their fears that reprints would kill the market for original editions. One helps build a market for the other to the point where a best seller now almost automatically has three separate phases—as an original edition, as a popular-priced reprint (priced usually somewhere between \$1.98 and 49¢), and as a 25-center.

• **New Team in Field**—Pocket and Bantam won't have the field to themselves. Penguin, whose manager, Ian Ballantine, went over to Bantam, has now teamed up with Fawcett Distributing Corp., distributor for Fawcett magazines, simultaneously announcing a stepped-up output of new titles, both fiction and nonfiction.

Popular Library, which, since 1941, has been putting out 25¢ westerns and mysteries, plans to more than double its output of titles with eight new ones each month. In addition, after Jan. 1, Popular will bring out at least one general title of best-selling trade fiction or nonfiction monthly, and has plans, which it will not reveal, for more and better distribution. Popular, like the Dell and Avon 25¢ books, is distributed through American News Co. which, with its 200 branches, is the only magazine-distributing setup which doesn't work directly through the magazine wholesalers. One trade hunch: Popular may break away from American News Co.

• **Potential Entry**—World Publishing Co. which, since 1939, has pushed its Tower line of 49¢ hard-backed reprints into the top ranks of the reprint field says it has no "specific plans for entering the 25¢ business."

Competitors interpret this to mean that World will almost surely come in sooner or later. Meanwhile, World has teamed up with International Circulation Co. (Hearst magazines) to add 10,000 news stands to its present 8,000 retail outlets which include stores of the Woolworth, Walgreens, W. T. Grant, and J. C. Penny chains.

• **Supermarkets Tested**—World has also tested sales of its reprints in midwestern supermarkets. Pocket Books also has been testing supermarkets, both as a medium for its 25-centers and, as a possible separate venture for Marshall Field, as a location for circulating libraries carrying special reprints of popular titles. S-M News Co., distributor of Reader's Digest, McCall's, and Popular Science, which has been testing magazine sales in supermarkets, is expected eventually to take on distribution of 25¢ book. S-M is now the only magazine distributor without a 25¢ center, or one in prospect. Curtis has Bantam; Fawcett has Penguin; Macfa-

den has "Bart House"; American News Co. has Dell, Avon, and Popular; Hearst has World.

• **Others May Dive In**—Nobody believes that multifarious Doubleday, Doran (which already is the biggest ladder with an original house, four book clubs, and a half-dozen lines of reprints) will be able to keep out of the 25¢ field for long.

Another possible entry is Time, Inc., which is reported to be interested in publishing topical titles, a field which British Penguin exploited successfully, and which Pocket (which doesn't go in for topical titles as a regular thing), dove into with its double-quick jobs on the death of President Roosevelt (BW—Apr. 28 '45, p. 28) and atom-splitting.

• **Squalls Ahead**—Despite the general optimism about 25-centers, skeptics think that this phase of book publishing may have its troubles before too many years. De Graff, granddaddy of the business, replied, when asked to name his biggest competitor, "Gasoline." Return of joy-riding may mean



## COMPETITION SCHOOLING

Commencement Day for Independent Grocers Alliance's first eight-week Chicago course at the "College of Retailing" is celebrated by H. R. Gehard, I.G.A. vice-president, and Mrs. Rose Kiefer, secretary of National Assn. of Retail Grocers, the principal speaker. The course is part of I.G.A.'s program to set up independents to meet chain competition. Though I.G.A. will help with banking contacts, the 21 graduates must provide some capital toward the purchase of stores, to be operated under I.G.A. supervision.

# Reconversion Problems?

**BREEZE is a Reservoir of Manufacturing Skills and Facilities**



**T**HROUGH diversified manufacturing operations covering a period of nearly two decades, Breeze has built up a vast reservoir of skills and facilities which now may be tapped by manufacturers faced with reconversion problems. Already Breeze has helped two producers of consumer goods to recapture pre-war markets . . . and turn a handsome profit while their competitors were still trying to figure out what to do about re-tooling for peacetime production. And in the same manner that it has helped others, Breeze may be able to help you.

Breeze has available, on a sub-contracting basis, resources of versatile equipment and "know-how" ranging from the planning, engineering and production of intricate electronic devices . . . to the manufacture of hardened steel parts.

During the war years these resources enabled Breeze . . .

... To solve many complex problems for the Armed Forces with the ingenuity born of 19 years of experience in the design and manufacture of products developed to meet the exacting requirements of the aviation industry.

... To produce in vast quantities for war such precision items as Breeze

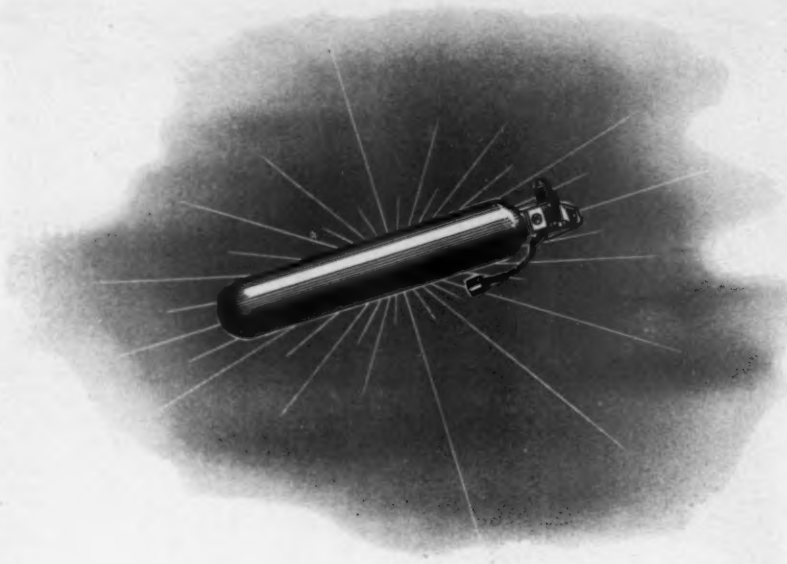
Radio Ignition Shielding, Flexible Conduit and Fittings for aircraft, automotive, tank and marine engines; Aircraft Tab Control Mechanisms, Electrical Connectors, Flexible Shafting and Casing, light-weight Armor Plate and countless other specialties.

Today, properly applied, the Breeze processes, equipment and techniques which made so many important contributions to Victory may enable you to get goods back on the market months ahead of your competition. The wide variety of services Breeze offers are described graphically in "Planning for Reconversion". Send for your free copy of this interesting booklet today. It may suggest a direct adaptability of Breeze skills and facilities to your commercial production needs.

**BREEZE**  
Corporations Inc.

NEWARK 7 **BREEZE MARK** NEW JERSEY





**Can you use this  
BABY POWERHOUSE  
in your business?**

Need a package of power?

Here it is...stored in handy small containers, ready to go to work at the turn of a valve.

It's carbon dioxide gas, stored in Kidde cylinders under high pressure. It's been doing a good war job...as auxiliary power for aircraft landing gear and brakes and in other ways. A Kidde cylinder only 30 inches long holds over a million foot-pounds of energy!

We can't tell you how to use this idea in *your* business. We don't know enough about your business. But we'd like to...and if you'll give us the chance we'd be glad to get together with you and work out valves and mechanisms to harness this power to your needs. Just drop a line, on your letterhead, to: Walter Kidde & Company, Inc., 1025 Main Street, Belleville 9, New Jersey.

**Kidde**  
**IDEA LABORATORY**

a smaller market for all types of books it could hit the 25¢ books, which have huge sales in railroad stations, particularly hard.

Competition for best-selling titles may eventually squeeze out many of the smaller companies which can't make big sales guarantees to authors and original publishers. With many companies vying for space on news stands and drug store counters, sales per title may go down to the point where the 25¢ reprint will no longer be a good thing for the original publisher or the author; the author's and publisher's joint take on a 25¢ book is only 1¢ a copy for the first 150,000, 1½¢ thereafter, hence sales must go up in the hundreds of thousands to give them more than pocket money. Also, the time is coming when publishers of 25¢ books will no longer be able to unload slow-moving titles on the Army, the Navy, and the Red Cross.

## Ads for the Jukes

Tennessee radio men have device for inserting commercials in music box sequences. On-scene sales possibilities stressed.

A device for opening the nation's juke boxes to commercial advertising is now being demonstrated by its Tennessee inventors.

S. D. Wooten, chief engineer of radio station WREC at Nashville, and Bill Trotter, program manager of WNOX at Knoxville, worked up the idea, and patents are now pending. They think they have hit upon something pretty big, and some advertising agency men who attended a showing in Memphis were inclined to agree.

• **On-the-Spot-Selling**—Espacial stress is placed on the possibilities held by such advertising for products that are sold on the premises—beer, soft drinks, candy and the like. One agency man with a hair straightener account is reported to have bid tentatively for rights to all juke boxes in Negro establishments of the Mid-South.

The Wooten-Trotter appliance, which could be made by any good electric mechanical manufacturer, would cost about \$10 per unit if sold singly. Wooten estimates, however, that in volume of say 10,000 units the cost would drop to perhaps \$4.

• **On Individual Records**—Each commercial advertisement goes on an individual record which replaces one of the regular records in the juke box. The ad can be of any length up to the capacity of the record.

Juke boxes have a capacity ranging

# Oregon GROWS EVERY CROP... AND GROWS IT BETTER



**EASTER LILIES** bloom twice a year in Oregon. First they bloom in late summer, their natural flowering season. At Easter time the autumn-harvested bulbs are 'forced' to blossom again in the nation's bothouses. Growing of the Croft type lily bulbs started only seven years ago along the mild Southern Oregon coast. Today it is a big industry—proof of ideal growing conditions in this state of diversified specialty crops.



**NATURE** is a willing partner on Oregon farms. Year-round mild climate, ideal soil conditions and varied topographical features bring bountiful, high quality crops, with a minimum of effort.

Consumer preference for Oregon-grown agricultural products is the key to the big retail buying market the state's farmers form. Last year, alone, this growing industry produced \$280,000,000 in agricultural products.

Although Oregon growers get top prices for their crops, the demand is more than the state's 64,250 farms can meet. Yes, Oregon needs more progressive farmers and has 18,000,000 acres of good farm soil awaiting them in this "Farthest West" land where crop failures virtually are unknown.

In Oregon can be grown any crop known to a temperate climate. East of Oregon's Cascade mountains is a great

1000 to 5000-foot plateau. On these "great open spaces"—in addition to 20,000,000 acres of the state's grazing land—are extensive grain fields, pea fields and irrigated crops.

In Western Oregon's famous green valleys, where moisture always is distributed evenly, rich soil produces such crops as apples, pears, cherries, peaches, prunes, cranberries, cane berries, grains, bulbs, seeds, hops, vegetables, sugar beets, nuts and flax. As many as 20 crops often are grown on a single farm.

ONE NEWSPAPER ALWAYS LEADS...IN OREGON IT'S

## The Oregonian

The Great Newspaper of the West—Portland, Oregon

REPRESENTED NATIONALLY BY PAUL BLOCK & ASSOCIATES



## Plenty of Protection

Various products require various kinds of protection. Take sausage, for example. While the corrugated box illustrated provides ample protection for either out-of-town shipment or local delivery, still another type of protection is necessary—protection against grease stains. So the box is lined and double protection is assured. Yes, corrugated board is a versatile product. Its uses are unlimited. Its sales possibilities are untouched.



### H & D Post-War Packaging Idea—FOOD PACKAGES

What are your products special packaging requirements? Can corrugated add to its attractiveness and salability? Note how this package continues to advertise the product long after purchase and how its size suggests sale of the product in larger than usual quantities. For complete information, send for H & D's free book, "Pack to Attract."

**Hinde & Dauch**  
AUTHORITY ON PACKAGING

The HINDE & DAUCH Paper Co., 4561 Decatur Street, Sandusky, Ohio

Factories in Baltimore • Boston • Buffalo • Chicago • Cleveland • Detroit • Gloucester, N. J. • Hoboken • Kansas City • Lenoir, N. C. • Montreal • Richmond • St. Louis • Sandusky, Ohio • Toronto

to 24 records. Since there are usually one or two "dodo" records in every box, that is, the ones that are never played, operators say that one or two commercial records wouldn't interfere with their business.

The job of the Wooten-Trotter gadget is to regulate the sequence in which the commercials come on. An advertiser might wish his message played after each regular record, or he might wish it played after three, four, or ten other records had been played.

• **Free-at Intervals**—The customer would get what he paid for, but the advertising would pop out free at fixed intervals. Consensus of advertising men at the Memphis demonstration seemed to be that the plugs should be short—perhaps mere slogans.

The new attachment will fit any juke box of the modern electric selector type, such as those produced by Wurlitzer, Seeburg, Rockola, or Towers. It can be hooked on the regular counter in the box, thus providing for the advertiser a count of the times his message has been played.

• **Pressure Device?**—Since the juke box count of song preferences influences weekly selections of "top tunes" for radio, Wooten and Trotter see one possibility that might frighten the broadcasters.

"Suppose," Wooten says, "that a big advertiser wishes to have a peppy song written lauding his product. He could have it recorded and placed all over the country as a juke ad. Thousands would hear it free. If the song had punch, this juke box playing of the record would almost force it onto the radio, giving the advertiser millions of dollars worth of free advertising."

Pretty obviously, Wooten was thinking of "Rum and Coca-Cola," which was on the jukes week after week before it swept the country by radio.

• **Marketing Problem**—As yet, the inventors have not decided just how they wish to market their appliance. There is talk of "state and territory franchises," but reportedly Wooten and Trotter would also like a nibble from some national agency that would be willing to take over the whole job and pay them a royalty.

The disjointedness of the juke box business, which is run on an operator exhibitor percentage basis, is a problem. Wooten estimates that there are 500,000 juke boxes in the United States taking in from \$250,000,000 to \$300,000,000 a year.

• **According to Location**—Juke box operators with which the matter has been discussed are said to feel that their weekly take for running an advertising record should run from \$1 up, depending on location.



## Paper-Conscious

Purchase of another mill by Time, Inc., brings new reports of other deals by publishers to assure uninterrupted supply.

Acquisition by Time, Inc., of two paper mills within the past year, one of them within the past fortnight, is evidence of publishers' war-sharpened awareness of the importance of an assured supply of their chief physical ingredient.

**• Buys Maine Seaboard**—Last week Time announced that it is taking over the Maine Seaboard Paper Co. of Bucksport, Me., from Coffin & Burr, Inc., and the First Boston Corp. Last March, Time purchased, for \$2,300,000, the paper-making properties of Bryant Paper Co., Kalamazoo, Mich.

Time also owns stock, but not a controlling interest, in Champion Paper & Fiber Co. of Texas, and Champion supplies much of the coated stock for Life magazine.

**• Other Deals Reported**—As might be expected, Time's acquisitions have given rise to reports that other publishers, for example, Crowell-Collier, are thinking of buying mills. It has also caused the paper industry to refresh its memory on established setups whereby publishers own, or control, their sources of paper. Thus Curtis Publishing Co. has long been a part owner of Castanea Paper Co., and takes Castanea's entire output. Curtis is now getting ready to buy into New York & Pennsylvania Co., which also owns stock in Castanea. McGraw-Hill and Chilton publishing companies own Newton Falls Paper Mill.

All this activity and rumor worry paper wholesalers and dealers who see established suppliers pulled out from under them. It also disturbs other mills which see themselves losing good customers. Even the threat of publisher-ownership is seen as depressing prices.

**• Fears Analyzed**—The worst of these fears probably are not justified. Observers in the publishing trade think that the average publisher will realize the greatest economies from mill-ownership only by acquiring an integrated mill (one which manufactures its own pulp). Even a medium-sized integrated mill turns out between 25,000 and 30,000 tons of paper a year; smaller semi-integrated operations may have an annual output of between 15,000 and 20,000 tons.

Against this, there are probably no more than 20 magazine publishers who use more than 15,000 tons a year. Trade estimates are that Time, Inc., uses

## THE NATIONAL CITY BANK

OF CLEVELAND

### Statement of Condition

SEPTEMBER 29, 1945

#### ASSETS

Cash and Due from Banks . . . . .	\$ 98,662,495.30
United States Government Obligations . . . . .	258,483,827.51
Other Securities . . . . .	9,876,857.64
Loans and Discounts . . . . .	81,470,161.93
Investment in Banking Premises . . . . .	1,550,000.00
Customers' Liability on Acceptances and Letters of Credit . . . . .	1,491,770.37
Accrued Interest . . . . .	1,021,499.63
Other Assets . . . . .	354,357.82
	<u>\$452,910,970.20</u>

#### LIABILITIES

Capital Stock (562,500 shares) . . . . .	\$ 9,000,000.00
Surplus . . . . .	11,000,000.00
Undivided Profits . . . . .	<u>1,800,469.58</u>
Reserves . . . . .	3,043,657.81
Dividend on Capital Stock Payable Nov. 1, 1945 . . . . .	196,875.00
Acceptances and Letters of Credit . . . . .	1,491,770.37
Accrued Interest and Expenses . . . . .	1,051,164.64
Deferred Credits and Other Liabilities . . . . .	370,382.17
Corporation, Individual and Bank Deposits . . . . .	<u>\$293,443,686.74</u>
Savings Deposits . . . . .	47,205,504.83
Trust and Public Deposits . . . . .	21,561,050.21
U. S. Government War Loan Account . . . . .	<u>62,746,408.85</u>
	<u>\$452,910,970.20</u>
Contingent Liability on unused loan commitments . . . . .	\$33,805,280.67

NOTE: United States Government obligations carried at \$87,589,252.07 are pledged to secure trust and public deposits, U. S. Government War Loan account, and for other purposes as required or permitted by law.

1945—ONE HUNDREDTH YEAR—1945

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



**Will Your Postwar  
Tractor-Trailer  
Brakes Meet Future  
Transportation  
Demands?**

**YES... when BOTH are equipped with**  
★ **WARNER** ★  
**VARI-LOAD ELECTRIC BRAKES**

**A**FTER the war, the demand will be to move heavier loads *faster* over present highways — and with *greater safety*. More powerful engines will pull these heavier loads faster on the level — easier on hills. Just so, more powerful and *better controlled* brakes will be a "must" — to let them down the other side at *highest speeds commensurate with safety*.

Warner Vari-Load Electric Brakes have performance-proved their controlled braking power on thousands of trailers in essential wartime transport work, and on more thousands of trailing vehicles in the mechanized forces of Allied armies the world over. After the war, Warner Vari-Load Electric Brakes will be available for BOTH tractors and trailers — providing instant and complete control far greater than any braking method now provides. Controls on the dash will permit pre-setting the correct braking power to fit BOTH load and road conditions. With this absolute control, all brakes on the tractor and trailer will "come in" at the same instant but with varying amounts of power. Thus the tendency to skid or jack-knife will be prevented—heavy tractor-trailer trains can be slowed down or stopped quickly and safely—to afford greater protection to drivers and loads, reducing maintenance costs, and avoiding costly lost time due to wrecked equipment.

**WARNER ELECTRIC BRAKE MFG. COMPANY, Beloit, Wisconsin**



**SIMPLICITY**  
Only a few feet of wire. Nothing to freeze, get knocked off, or chatter.... No complicated mechanisms.

**WARNER**  
**ELECTRIC BRAKES**

about 130,000; Curtis, about 120,000; Crowell-Collier, 96,000 or 97,000; the Hearst magazines, 85,000; and McCall, 50,000. There is, of course, the possibility that a group of smaller publishers will club together to buy a mill.

• **Supply Assured**—On the other hand, the war has made publishers keenly aware of their vital stake in the country's paper supply. In buying into paper manufacturing they have an eye on the long-term picture as well as on their immediate needs. Ownership of an integrated mill which controls forestland would enable a publisher—through careful cutting and reforestation policies—to be sure of his paper for many years to come.

The attitude of some paper manufacturers in the present scarcity market also has contributed to the publishers' interest in owning their source of supply. Unconvinced that the current heavy demand will continue indefinitely, some mills have been unwilling to make heavy investments in additional equipment.

• **Mills Converted**—The paper industry notes that Time's latest purchase, Main Seaboard, is now turning out newspaper print, presumably will be gradually converted to magazine paper as it completes present contracts, some of which will require two years to fulfill.

Conversion of newsprint mills to the higher priced papers is another development which the paper industry and particularly, newspaper publishers are watching with concern. Unable to compete with duty-free imports from Canada and Scandinavia, domestic producers of newsprint have been folding up or converting to other types of paper.

Last summer the Wisconsin River Paper & Pulp Co., last newsprint mill in the state, was sold to the Consolidated Water Power & Paper Co. which will convert it to the manufacture of book paper.

## ARDEN LOSES APPEAL

Retailers are not waiting for the Federal Trade Commission's suit against Elizabeth Arden, Inc., cosmetic manufacturer, to wend its way up to the Supreme Court before seeking redress for themselves for "discrimination" which they claim results from Arden's system of placing "demonstrators," young ladies who act as clerks but whose salary is paid by Arden, in selected retail outlets.

The Eighth Circuit Court of Appeals has upheld a lower court decision awarding Gus Blass Co., Little Rock (Ark.) department store, \$3,000 in a suit against Elizabeth Arden. This suit represents the triple damages available under the antitrust laws to anyone injured by a conspiracy in restraint of trade.

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ade. Over a period of two years, Arden  
allowed Blass \$10 a week, half the salary  
of a demonstrator, while allowing Blass'  
competitor, M. M. Cohn Co., \$20 a  
week, the full salary of a demonstrator.  
Blass' suit was based on the Robin-  
son-Patman amendment to the antitrust  
laws, which bans price differentials ex-  
cept to the extent that they are justified  
by costs. FTC, after running down  
many blind alleys in the course of its  
campaign to do away with demonstrat-  
ors, is now basing its case against Arden  
and similar suits against a half-dozen  
other cosmetic manufacturers) on the  
same R-P law. FTC's cease-and-desist  
order, which would make it impractical,  
if not impossible, for Arden to continue  
the use of demonstrators, has been ap-  
pealed to the Second Circuit Court of  
appeals (BW-Dec.23'44,p96), where  
briefs are due shortly.  
Since the Blass case establishes a  
precedent for individual triple damage  
actions under the R-P law, future suits  
may be aimed not only at the use of  
demonstrators but also at the whole  
range of allowances, discounts, and  
other special price concessions banned  
by the law.

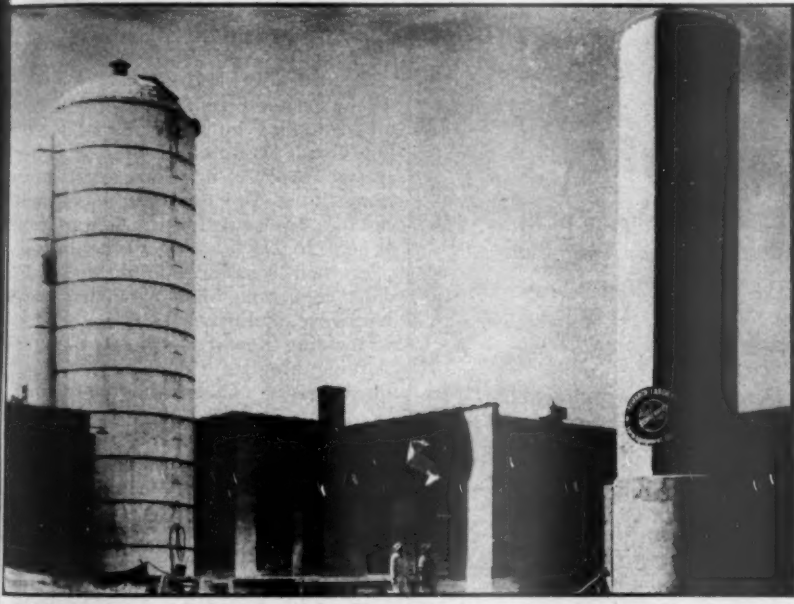
## Clothing Mirage

Mail-order companies run  
into trouble with program for  
low-end goods. OPA prices and  
margins draw strong protest.

Hopes for more cheap clothing, two-  
year-old OPA-WPB mirage, faded again  
last week. The clothing trade is now  
gloomily predicting breakdown of the  
latest government program to reduce  
inflated clothing prices (BW-Sep.22  
'45,p89).

• **Protest on Margins**—The new effort  
struck its first big snag among the mail-  
order companies. These large-volume  
sellers of low-end goods have protested  
to OPA that the prices and margins set  
for most cotton, wool, and rayon cloth-  
ing under Revised Maximum Price Reg-  
ulation 578 are insufficient to allow  
them to handle the merchandise.

Alarmed at the prospect of pricing  
their spring catalogs (usually mailed in  
January) according to the new prices,  
they asked immediate adjustment. Pric-



## FROM BREWERY TO BARNYARD

On a farm near Beloit, Wis., a glass-lined, 24,000-gal. beer tank (right) upended  
on a concrete foundation is tested as an airtight silo. The tank, 40 ft. high,  
10 1/2 ft. in diameter, unloads from the bottom, eliminating top unloading  
hazards. In its base—above or below ground—a gasoline-powered rotating  
agitator loosens any silage that sticks to the sides. To prevent rot, engine  
exhaust is piped into the silo, pushing out oxygen. For underground installa-  
tions, a worm gear unloader forces silage to the ground level. The 3/8-in. steel  
walls are coated inside and out with glass—whether black or white depends on  
heat-deflection results from the half black, half white model. Its maker,  
A. O. Smith Corp., Milwaukee, promises the silo for 1946—at about \$1,000.

## Get the help of this new business aid —Photocopying!



New, handy unit  
copies anything  
—Saves time,  
money, labor!

Photo-Copier  
\$55  
Copies up to  
16" x 22"

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quickly make copies of LETTERS,  
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Now, with this handy unit in your  
office or plant, you can have  
plenty of copies of anything,  
whether written, typed, printed,  
drawn, or photographed—even if  
on both sides... permanent, error-  
proof photocopies—at amazingly  
low cost! APĒCO makes them at  
1-a-minute speed—expedites  
work. No darkroom or technical  
knowledge needed—even a boy or  
girl can easily operate APĒCO.

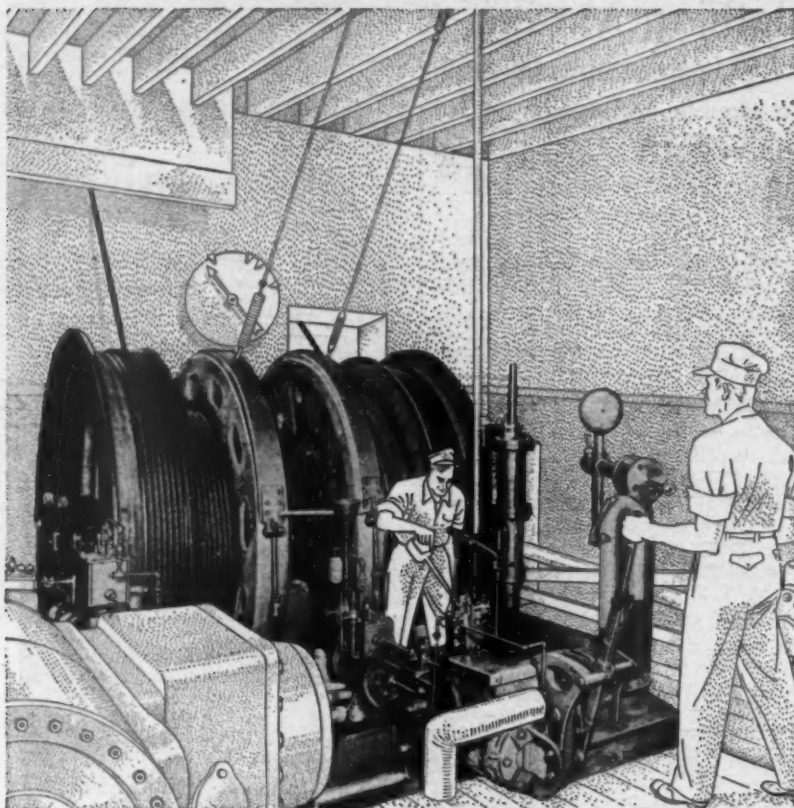
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Tells how APĒCO  
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See how you can save time, money, labor,  
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method of copying. APĒCO'S 20-page, fully  
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## Fuel for thought

Hoisting coal from the earth . . . drilling deep for oil and gas . . . processing and distributing fuel—each operation helps to fire the boilers that will restore a sound peacetime economy. This coming winter, let's keep the heat on *that* job by conserving heat at home.

★ To maintain fuel production, there's no stouter tool than Yellow Strand Preformed Wire Rope. On high-speed mine hoists like that above, this limber and fatigue-resistant cable promotes full work capacity through quicker starts and fewer rope replacements. For sling lifts, either products or equipment, choose Yellow Strand Braided

Safety Slings for parallel efficiency. Remember the name: Yellow Strand. Remember the patented constructions: Preformed Wire Rope and Braided Safety Slings.

**Broderick & Bascom Rope Co., St. Louis**

Branches: New York, Chicago, Houston, Portland, Seattle. Factories: St. Louis, Seattle, Peoria

**YELLOW  
STRAND**



**PREFORMED WIRE ROPE • BRAIDED SAFETY SLINGS**

ing of spring merchandise is already under way. Mail-order executives are apprehensive lest they be caught with prices determined now for the entire spring and summer selling season, even though the whole clothing program should meanwhile bog down.

• **Expense Increase Cited**—OPA's revised regulation requires preticketing at the factory, effective Oct. 22. The dollar-and-cents retail prices apply to all cotton, wool, and rayon garments scheduled in the WPB companion order, M-328b, whether or not the goods are made of required priorities.

The new prices allow all retailers uniform margins of 34% on cotton clothing, 36% on wool and rayon, the largest-volume mail-order lines. The companies protest that these margins barely cover their cost of doing business, leave them no profit. They contend that their expense rate, normally close to 36%, has risen during the war years because of the cost of returning cash to customers on orders unfillable because of merchandise shortages.

• **Must Prove Case**—OPA admits that the margins set for low-priced clothing are purposely low. But its price executives feel that increased volume and consequently lowered expense of doing business should enable the average merchant to sell at MPR 578 prices.

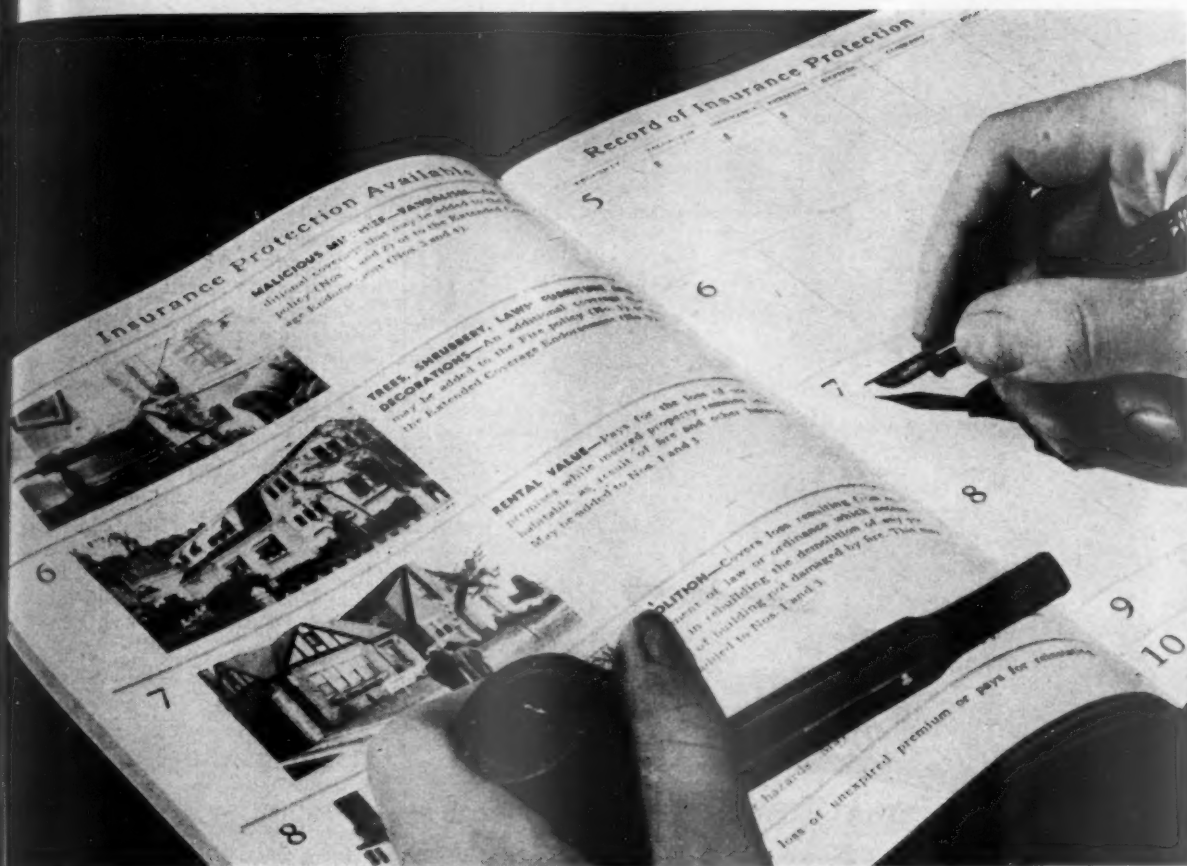
The agency bases its position on figures compiled by the National Retail Dry Goods Assn. which show that the average expense rate for department stores, usually highest among retail operations, has sunk from a prewar level of 36% to 27½%. To get OPA to consider their hardship appeal, the mail-order companies must show that their experience is different.

• **Hoarding Reported**—Threatening the clothing program from another angle are reports of mill hoarding of textiles. Washington textile authorities say mills are refusing to fill fourth-quarter allocations in anticipation of the end of all priorities on Dec. 31, 1945, and possible end of the excess-profits tax on Jan. 1.

Congress must re-enact the expiring second war powers act before the year ends, if WPB's successor, Civilian Production Administration, is to continue to have authority to enforce priorities. Should power to allocate commodities lapse at the year's end, OPA's price regulation would be as good as dead, since scarce textiles could no longer be earmarked for low-price clothing.

## LA ROCHE OUT OF ABC

Nobody in radio was surprised this week when Edward J. Noble, majority stockholder and chairman of American Broadcasting Co. (the former Blue Network), announced that he had repur-



## What do you know about your insurance?

**D**O you know whether your fire insurance covers damage to possessions of guests or servants? Can you say, offhand, whether your burglary insurance also covers damage caused by burglars? If unable to contact your agent in an emergency, have you a written, complete record to tell you whether you are

fully protected? You need this free *U. S. F. & G. Personal Insurance Audit Book!* Clear, simply-worded, and with each hazard illustrated, this new Personal Insurance Audit Book enables you to make *your own* complete insurance audit. It provides a permanent record of property value,

amount of present insurance, premium rates, expiration dates, etc., thus giving you your fire and casualty insurance picture at a glance. To obtain your copy, simply fill out and mail the attached coupon. Your Personal Insurance Audit Book will be delivered to you promptly. Mail the coupon today.

**CONSULT YOUR INSURANCE AGENT OR BROKER AS YOU WOULD YOUR DOCTOR OR LAWYER**

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FIDELITY & GUARANTY FIRE CORPORATION

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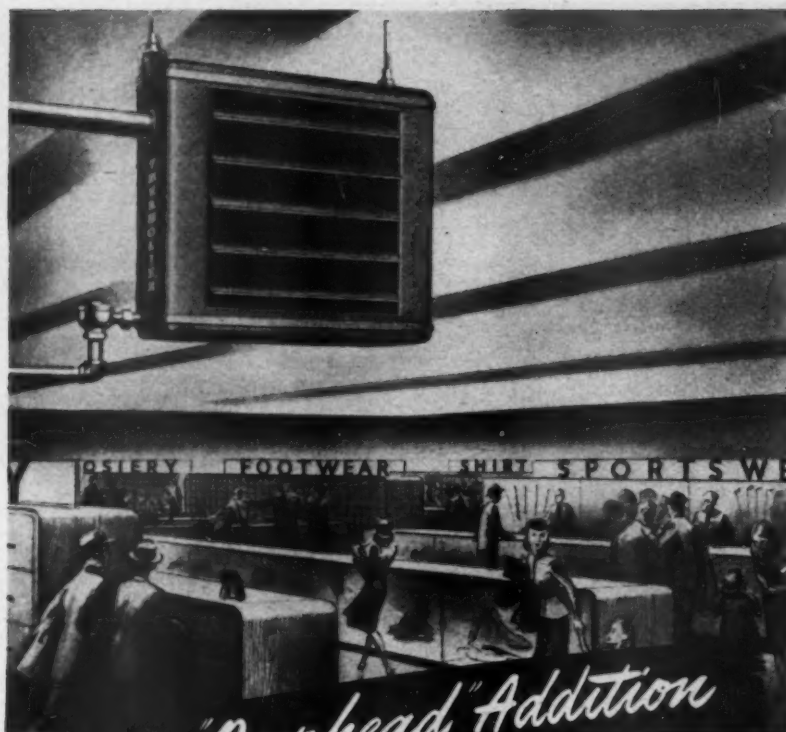
UNITED STATES FIDELITY & GUARANTY CO.  
133 E. REDWOOD STREET  
BALTIMORE 3, MARYLAND

Please send me a complimentary copy of your new Personal Insurance Audit Book.

Name.....

Address.....

City..... State.....



*An "Overhead" Addition*

**THAT LOWERED FUEL COST 30%**

## **GRINNELL THERMOLIER UNIT HEATERS**

One of the largest U. S. companies reports 30% saving after conversion to Thermoliers. A railway and dock shop says 35%. Operators of warehouses, stores, markets and garages report similar economies.

These savings are made possible because of the superior heating efficiency built into a Grinnell Thermolier. It takes a knowledge of heating to design and engineer an efficient unit heater — that's why you will find Grinnell's 50 year heating experience pays off. Thermolier,

with its 12 points of superiority which assure more heat, easier installation, deserves your investigation before you select or put up with a less efficient system.

In addition to unit heaters, Grinnell's five plants and nation-wide network of branch warehouses are equipped to handle every piping requirement from a 1/4" tube fitting to a complete power piping system. Grinnell Company, Inc., Executive Offices, Providence 1, R. I. Branch offices in principal cities.



PIPE AND TUBE FITTINGS • ENGINEERED PIPE HANGERS • PREFABRICATED PIPING,  
AUTOMATIC SPRINKLERS AND OTHER FIRE PROTECTION SYSTEMS • THERMOLIER UNIT  
HEATERS • AMCO HUMIDIFICATION SYSTEMS • SPECIALTIES FOR HEATING AND PLUMBING,  
WATER WORKS, AND CHEMICAL, FOOD, PETROLEUM AND PULP AND PAPER PLANTS.

chased the stock sold to Chester J. LaRoche, ex-board chairman of Young & Rubicam advertising agency, and Time, Inc., shortly after Noble bought the network from Radio Corp. of America two years ago (BW—Aug. 7 '43, p78). LaRoche and Time each owned approximately 12 1/2% of ABC's stock.

LaRoche has been expected to divorce himself completely from ABC ever since his resignation as its executive vice-chairman over a month ago. A flock of the network's top executives followed LaRoche out, and Noble announced that he and Mark Woods, ABC's president, would take over many responsibilities formerly carried by LaRoche. Since then, every week has brought shifts and promotions.

Significantly, most of the plums have gone to executives with a long background of broadcasting experience. Noble obviously intends to back away from the innovations introduced by LaRoche and other executives brought in from the advertising business.

**P. S.**

Now that the war is over, conventions are popping up like mushrooms after rain, but Bendix Home Appliances, Inc., has found a new wrinkle by bringing together representatives of 125 suppliers of parts for its automatic washers, telling them what Bendix hopes to do for them, finding out what they can do for Bendix. . . . Latest expansion in the far-flung R. H. Macy & Co. retail empire is that of Davison-Paxon Co., affiliated department store in Atlanta, which has announced a \$2,000,000 enlargement program. . . . The Supreme Court has agreed to review (on the petition of the Postmaster General) the decision of the Circuit Court of Appeals at Washington, D. C., that the Postoffice Dept. was not justified in withdrawing Esquire magazine's second-class mailing privilege on the grounds that it was not informative, literary, or otherwise qualified to receive the subsidy. . . . Evidence that cigarette sales have bounced back to normal (BW—Sep. 8 '45, p80): Cigarette and tobacco revenues of the 31 states levying tobacco taxes totaled \$17,100,000 in July, an 83% gain over the February low of \$9,400,000. . . . While such department stores as Saks Fifth-Ave. and Neiman-Marcus plan to give charge account customers first crack at nylon stockings, others, like Filene's, boast that all comers will share equally, but that no nylons will go on sale until there are enough for everybody. . . . The end of gas rationing can be expected to bring a revival of the prewar drive to limit the use of billboards; New York State legislators already have plans for laws which would do this.



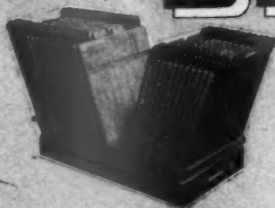
**Re-convert more easily and economically  
with record-keeping equipment by**

# DIEBOLD



### CARDINEER

Rotary Card File speeds reference and posting—maintains control at minimum cost.

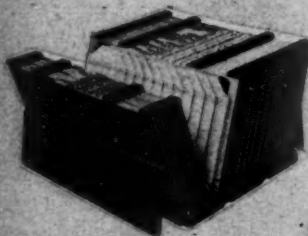


### V-LINE

Posting Trays eliminate compressors—keep ledgers in perfect order—easy stuffing.

### CASHGARD CHESTS

Save up to 73% on burglary insurance rates—discourage holdup attacks.



### TRA-DEX

Vertical Visible Files with 3-way visible margins give facts at a glance.



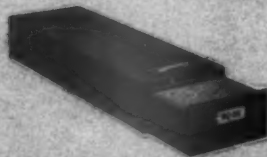
### MICROFILM

FLOFILM... A self-contained microfilm process—finishes microfilm one hour after exposure.



### FLEX-SITE

Visible Binders offer large visible margins for wide range of record sizes.



### SAFE-T-STAK

Steel Storage Files save space, stack to ceiling, lock vertically and horizontally.



### SAFES

Let the Diebold Man measure your fire hazard—balance it with 1, 2 or 4-hour protection.

**C**OMMON SENSE must play a big part in re-conversion. To know how to speed up processes—to transform energy easily—to keep tab on details with the least expenditure of time, space and money—these are the elements that spell success now that peace re-converts business. Here, illustrated, are a few short-cuts in both record-keeping and protection. Each product is

designed to meet certain specific needs. Experience has proven their adaptability—their surprising economy—their efficiency in time-saving, space-saving and cost-saving.

Diebold can supply the system you need, whether visible, vertical or rotary. Diebold then offers ways and means to protect all valuable records from fire, theft and unnecessary wear.

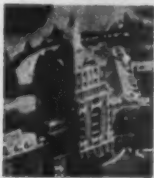
May we suggest you call in a Diebold man to discuss your needs. He is especially trained by experience and contact to guide you through tough reconversion bottle-necks of record-keeping. Just a phone call will bring him. Hundreds of consumers use Diebold in just this way. Why not you, also!

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CANTON 2, OHIO

*Since 1859*

RECORD SYSTEMS • FIRE AND BURGLARY PROTECTION EQUIPMENT  
HOLLOW METAL DOORS • BANK VAULT EQUIPMENT • MICROFILM

## Business Meetings at The Homestead



Your directors, executives, key-men concentrate better, accomplish more when they meet at The Homestead with no urban distractions. Full information on request.

HAROLD P. BOCK, General Manager

THE  
**Homestead**  
HOT SPRINGS, VIRGINIA

## EXECUTIVE AVAILABLE CANADA

Desires connections with progressive United States company who contemplates establishing a Canadian plant or who has one that is not operating to their complete satisfaction. Graduate mechanical engineer, tool-maker, machinist, designer of tools, special machines and products. Successful record in selling, sales supervision, cost-accounting, office and factory management. Best of references and very successful record as manager of Canadian plant. Over twenty years with last company and seeking broader opportunity. Only responsible position with progressive company will be considered where broad practical experience can be used.

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## Speed Sweep WITH A BACK OF STEEL



## Makes Light Work Out of Tough Sweeping Jobs

Steel back of Speed Sweep brushes is the basis of unique construction for faster, easier, better sweeping. Block is  $\frac{1}{2}$  usual size - easier to handle. Tufts of longer, better fibres are more compact - provide "spring and snap" action. Handle instantly adjustable to height of sweeper - reduces fatigue and strain. Speed Sweep brushes are built to outlast ordinary brushes 3 to 1.

### GUARANTEED

Dustless brushes are used in thousands of offices, factories, schools, institutions and stores. They are unconditionally guaranteed to meet your requirements. Write for styles, sizes and prices today.



528 N. 22nd St. Milwaukee 3, Wis.

# LABOR

## Ward Battle Mapped by C.I.O.

Widespread mail-order house strike threatens as the Army turns seized facilities back to Avery. Company repudiates checkoff and maintenance-of-membership as old quarrel reopens.

When Maj. Gen. David McCoach, Jr., shook hands with Montgomery Ward's chairman, Sewell L. Avery, last week to signalize the return of Ward properties to private management, it also signalized the opening of a new round in the C.I.O.'s drive to establish union security in the nation's second largest mail-order establishment.

• **Showdown Battle Impends**—By this week a series of thrusts and feints centering in the Chicago mail-order house indicated that the round was already well under way as Ward and the United Retail, Wholesale & Department Store Employees Union squared off for what promises to be a decisive battle.

The company, returning to possession of the battleground after ten months of Army occupation, ripped down posters proclaiming that the government was operating the properties and tacked up in their stead notices announcing im-

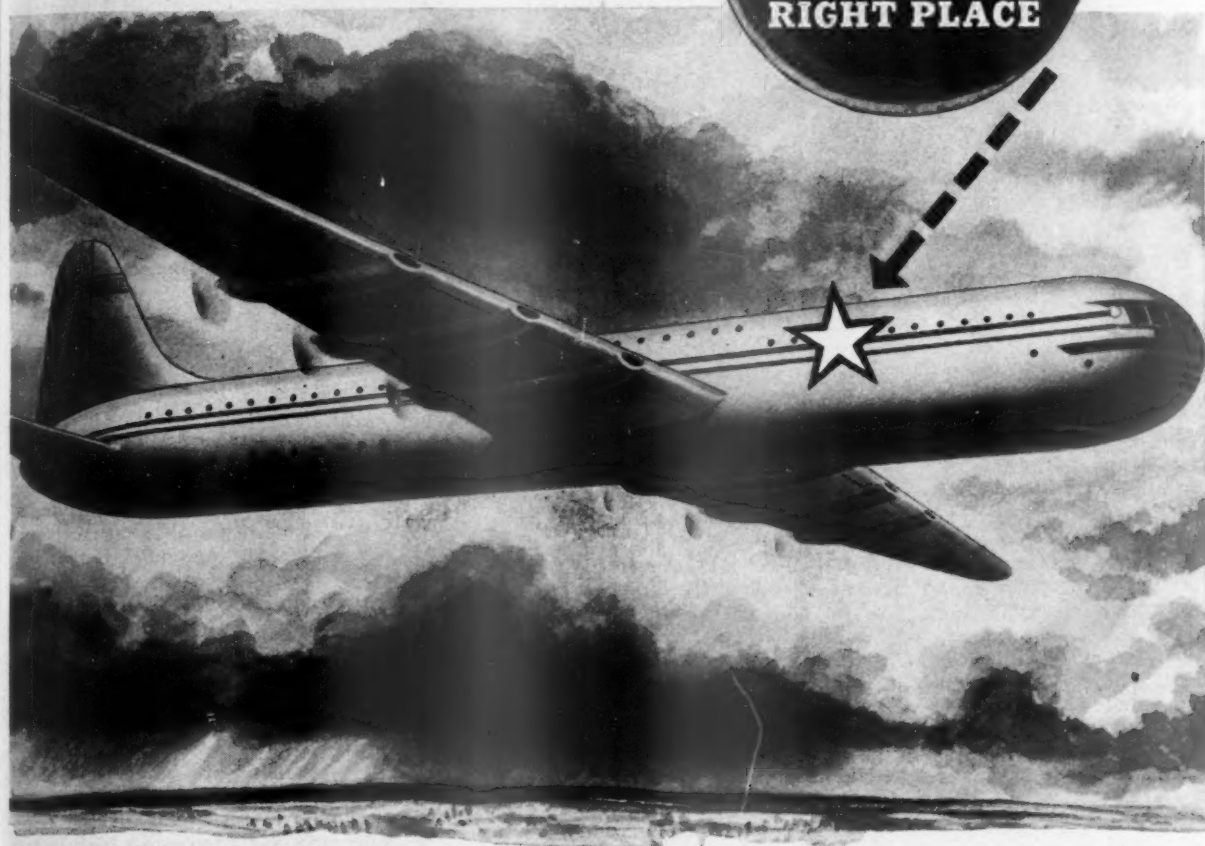
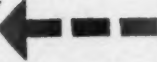
mediate termination of the National War Labor Board-directed maintenance-of-membership and union dues check-off practice. Ward has always maintained that NWLB's order was illegal and it was on this issue that the properties were twice seized by the government (BW-Apr. 29 '44, p. 44).

• **Arbitration Clause Killed?**—According to the union, but not publicly announced by the company, Ward followed this up by repudiating two vital clauses in its old agreement with U.R.W.&D.S.E. This action, said the union, eliminated arbitration of disputes and revised established seniority policies. The union also charged that Ward fired five active unionists, among them the local secretary, in an effort to cripple the organization.

While company officials could not be reached for comment on the union charges, the mail-order house took occa-



A historic chapter ends at Montgomery Ward as Maj. Gen. David McCoach, Jr. (left), who operated the company for the U. S., welcomes back smiling Sewell Avery to the offices from which the Army ousted him nearly a year ago.



## FROM CUB TO COLOSSUS...

Lashed down in that vacant lot around the corner from you is a little single-passenger cub plane. And standing on the floor of the Consolidated Vultee plant is a 204-passenger Clipper that will cruise over the Atlantic or Pacific at a speed of 350 mph and at a height of 6 miles.

They don't look much alike, those two, and yet both of them — the tiny plane and the huge one — depend upon anti-friction bearings.

SKF ball and roller bearings are favorites with both airplane manufacturers and ground mechanics, for these men know that human life often depends upon the quality of the bearings in their engines, their crank shafts, their

propeller shafts, their precision controls — and SKF bearings have never let them down.

SKF makes many types of bearings for many purposes. Whether you are seeking to increase your present production or are setting up some new operation, an SKF engineer will gladly help you select

**THE RIGHT BEARING FOR THE RIGHT PLACE**



SKF INDUSTRIES, INC., PHILA., PA.

6007



## THE LABOR ANGLE

### Barrier

The sound and fury rising from the battle over wages has muted, for the moment, the potentially even more explosive issue of union security. But once the adoption of a national-wage policy has reduced the fever of the pay-rate fight, union security can be expected to raise a large barrier to peace on the labor front.

Affecting costs only incidentally, the question of whether a firm will operate under a union-shop, maintenance-of-membership, or open-shop contract will, nevertheless, be answered often only after the payment of a high price—exactied in the form of strikes.

Many of those employers who make business decisions with an eye fixed on the balance sheet are keenly disappointed over the way the wage issue has come to be considered apart from the whole complex of union-management relations. They hoped to use the union security issue in making more favorable wage bargains—yielding on maintenance-of-membership or the union shop in return for less steep wage demands. But the broad union assault for a 30% pay boost has made wages such a critical issue that it is being dealt with by itself and what, as recently as six months ago, seemed sound bargaining strategy for employers is now largely pointless.

Consequently those employers who say that their position on union security will be determined solely by balance sheet considerations are resigning themselves to operating under some form of union security without trading on it for wage concessions. But they are hopeful of confining it to maintenance-of-membership forms. Their theory, which appears to be a reasonable one, is that employers who feel very strongly about this matter will fight over it and that when the smoke of battle clears, "m. of m." as a compromise between the open and union shop, will be established as the prevailing pattern.

### Test

The New York County Bar Assn., acting, it says, in the interests of lawyers everywhere, is determined to get a court ruling on how far consulting firms in the field of labor relations

can go on advising their clients without unlawfully poaching on the legal profession. Its committee on unlawful practice of the law is busy preparing for trial some test cases which will, if necessary, be carried to the U. S. Supreme Court.

### Portrait

C. Wright Mills and the Bureau of Applied Social Research at Columbia University have contributed to the documents in the field of labor a study called *The Trade Union Leader: A Collective Portrait*.

Analyzing the social characteristics of more than 200 top A.F.L. and C.I.O. officials, it uncovers these principal facts:

Eighty-two percent of this top layer of labor leaders are native born and there is no significant difference in this regard between A.F.L. and C.I.O.

Their average age is 46 years with the largest A.F.L. cluster in the 50-59-years-of-age bracket, and the largest C.I.O. cluster in 30-39. Exactly half of the fathers of this current crop of union leaders were skilled laborers; in second place for "occupation of fathers" is "owner of a business"; "farm owner" runs third. Twenty-nine percent of the C.I.O. men studied have been to college as compared with 13% for the A.F.L. Most of these men, from both camps, ended their education in high school.

With no significant differences between the A.F.L. and C.I.O., the percentages for religion show 51% Protestant, 35% Catholic, and 4% Jewish. Twelve percent from the A.F.L. had no religious affiliation while this statistic for the C.I.O. is 6%.

The composite lineup on politics is 56% Democratic, 15% Republican, the rest scattered among "independent," American Labor Party, Socialist, and "some other third party."

Another fact of interest in the study is a comparison between the salary range of union presidents (\$4,000 to \$30,000 a year) and the members of the 1929 class of Yale who, ten years after graduation, averaged an annual income of \$4,350.

The majority of the trade union leaders studied had worked as laborers in the industry with which they now deal.

sion to declare that wage increase instituted by the Army would not be reduced and that nonunion employees would get commensurate increases. Ward also renewed the offer made last May to Chicago employees of a 7½-an-hour increase in minimum wage rates upon agreement with the union.

• **New Negotiations Asked**—The mildest term the union could find for Ward's action was "provocative." It countered with a demand for immediate negotiation of a new contract in conferences open to the public, a wage increase of 15¢ an hour, and a 65¢-an-hour minimum wage.

But it was evident by Thursday, as union representatives from Ward establishments converged on New York to map strategy with a special meeting of U.R.W. & D.S.E. international executive board, that the union was not going to rely solely on epithets. Economic and staff resources were being mobilized for what looked like a certain strike.

• **All Will Strike**—U.R.W. & D.S.E. is established, in addition to eight Ward units in Chicago, in Albany, N. Y., Denver, Jamaica, N. Y., Trenton, N. J., Detroit, Royal Oak, Mich., Kansas City, Mo., Barre, Vt., Amsterdam, N. Y., and Fort Dodge, Iowa. It is generally assumed that when a Ward strike comes it will affect all these properties as well as Ward facilities at St. Paul, Minn., where a local of Harry Bridges' warehouse union has indicated that it will walk out in sympathy with U.R.W. & D.S.E.

Counting on a more disciplined membership than some other C.I.O. unions, the U.R.W. & D.S.E. will probably set a strike deadline with an eye to Ward's seasonal sales pattern. This reveals a November business peak in the mail-order units and a December high in the retail stores.

• **Union on Its Own**—As far as the C.I.O. is concerned, it has reached a do-or-die stage with Montgomery Ward. Up to this point the C.I.O. has always found active government support in its campaign to unionize Ward. In the early stages of the dispute it used the machinery of the National Labor Relations Board to establish its bargaining status. During the war, the National War Labor Board, the war powers of the President, and the U. S. Army turned aside what the union considered a determined company attack to destroy it root and branch. Now, expecting nothing more tangible than perhaps an encouraging word from Washington, the union must deal with Ward counting only on its own resources.

In mobilizing support for any wide walkout action, the union feels that it has one trump card not possessed by many unions now calling on members



## *What are worries made of?*

**M**OSTLY of little things; the eight-thirty train to the city; the broken shoestring; the bore who always sits beside you.

But there are some big worries; some big ones of all your own; yet important to you.

At the age when they are most valuable, men who work for you begin to take stock of the years—men of forty or forty-five who have learned to temper their enthusiasms with sound judgment. They say to themselves, "What about the future, the time when I begin to slow down? Exactly where will I stand?"

This worry is theirs, but to a considerable degree it is also yours. You can't escape it because when you worry, your business suffers.

This is one reason why pension plans are important. And why many are considering them in the face of reconversion and increased competition,

when it is so important to hold good men and to attract good men.

John Hancock plans are long range and broad in scope. They are flexible. They are adaptable to a variety of special needs and conditions.

For full information, consult the John Hancock agent in your locality or write the home office of the company.

*John Hancock*  
LIFE INSURANCE COMPANY  
OF BOSTON, MASSACHUSETTS

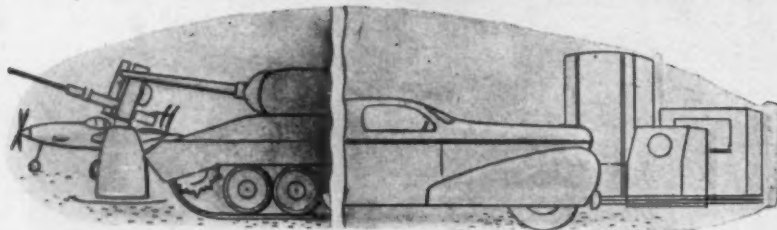
GUY W. COX  
Chairman of the Board

PAUL F. CLARK  
President

# Here's Help for YOU



## if you're struggling through



## this "Quick-Change Act"

MANUFACTURERS, who are tangled up in the rush of transition to peacetime production, can get loads taken off their shoulders by *immediately effective* assistance in special work from this fast-moving organization, whose like is found nowhere else: *The Taft-Peirce Contract Division.*

Here is no precocious, single-skilled "war baby." Here is a well-rounded, fully integrated plant which has grown up uninterruptedly through the booms, wars, depressions, and normal times of the last 75 years. During this time, Taft-Peirce has served plants all over the world, in every industry you can think of. And here, ready now, are men and machines to give you quickly what you need — a single tool or part, an entire tooling program, or repetitive production of parts, assemblies, or complete products.

For action *now*, without stalling, wire or write to The Taft-Peirce Manufacturing Company, Woonsocket, Rhode Island. Or phone Woonsocket 1.



FOR ENGINEERING, TOOLING, CONTRACT MANUFACTURING

### Take it to Taft-Peirce



#### SAFE BEHIND BARS

Truck tire rims, blown out by incorrect application of air pressure, have chalked up a long record of shop casualties. To eliminate such hazards, a General Tire & Rubber Co. distributor at Butler, Pa., has devised a "tire cage" which shields mechanics from harm when things go wrong.

to rally around a picket line. This is retroactive pay claim.

• **\$785,090 Back Pay**—The unsatisfied claim, sometimes estimated to involve as much as \$1,000,000, has been fixed at \$785,090 by Col. Donovan H. Tyson, Army finance officer at Ward. The company holds that the NWLB order in mid-1944 directing the payment was illegal.

The Army has been unable to find money to make the payments, which the NWLB directed should be paid out of net profits. A special appropriation by Congress seemed necessary if the payment is to be made by the government, officials said.

• **Claim and Counterclaim**—In turning the properties back to Ward, the War Dept. disclosed that the Army had paid out for goods on hand \$1,200,000 more than it took in during its nine-month possession of the mail-order house, and made claim on Ward for the amount. Terming Army occupation illegal, Ward countered with a claim of \$480,680 for damages from alleged illegal actions of the War Dept.

The company offered a temporary cash settlement of the difference, \$719,320, which was accepted by the government with the stipulation that



# WHAT NEXT...

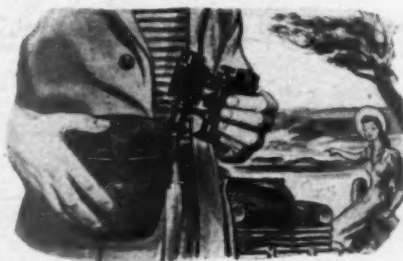
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# WITH FIBERS OF GLASS?



**THE ATOMIC BOMB PLANT** at Oak Ridge, Tennessee, contains what is believed to be the world's largest air conditioning installation. And *Dust-Stop® Air Filters* are used to clean the air circulated through the acres of buildings and vaults. Dust-Stops are used here for the same reason that they are standard equipment in most forced-warm-air furnaces and air conditioners—because of their superior efficiency in trapping dust, dirt and lint. And they're easy and inexpensive to replace.

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**FROZEN FOODS** give new meaning to "good living". And *Fiberglas Insulation* helps them do it—through its wide use in food processing, cold storage and locker plants, dispensing units and refrigerated cars and trucks. This efficient insulating material consists of fine, interlaced glass fibers with myriad entrapped air spaces which block the passage of heat to help keep frozen foods at their best and hold down refrigerated equipment operating costs.

**LOOK FORWARD** to new lightweight, yet very strong, luggage and carrying cases made of plastics reinforced with Fiberglas fibers. Such plastics laminates have great tensile, compressive, flexural and impact strength per unit of weight. And they will be long-lasting and durable because this new Fiberglas-base material resists heat, moisture, fungi and bacterial growths that attack leather and organic fabrics.

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Rubbed into the clean skin before beginning work, Fend products create an effective physical barrier to irritants. Fend is readily removed at end of work period by mild soap and warm water—leaving the skin smooth and comfortable. Write for your copy of the informative, comprehensive Fend Brochure describing all Fend products, and containing a helpful Application Chart.



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did not constitute admission of the validity of Ward's damage claims. Both Ward and the War Dept. reserved the right to claim additional payments, subject to audit.

• **Amy Admits No Profit**—The \$1,200,000 claimed by the government did not represent a loss, the Army pointed out, but was money paid out in excess collections. It was expected that weeks or more would be required for audit to determine the profit or loss position on Army operation, but the Army reported that up to Aug. 31, 1941, no profit had accrued.

## Silent Forests

Northwest lumber strike keeps 60,000 idle as big firms and unions give no indication of settling wage dispute.

The dove of peace which kissed a number of other troubled labor fronts this week flew over the forests of the Pacific Northwest without pause.

• **Independents Yield**—For a month the A.F.L.-affiliated Northwest Council of Lumber & Sawmill Workers Union has been on strike for a minimum, industry-wide wage of \$1.10 an hour. There has been no sign that the union or the lumber firms are ready to yield.

Seventeen smaller lumber companies, the so-called independents, have granted the union's wage demands, and are at full production, but the big lumber camps haven't heard the whine of the saw since Sept. 24. About 60,000 men are idle.

• **Holding the Peace**—The A.F.L. union's effort has been dissipated somewhat by the fact that a rival union, the C.I.O. International Woodworkers of America, has elected so far to pursue a peaceful course of negotiation with the employers who are under contract. The I.W.A. is talking for a general increase of 25¢ an hour and holds a strike authorization from its membership to back this demand.

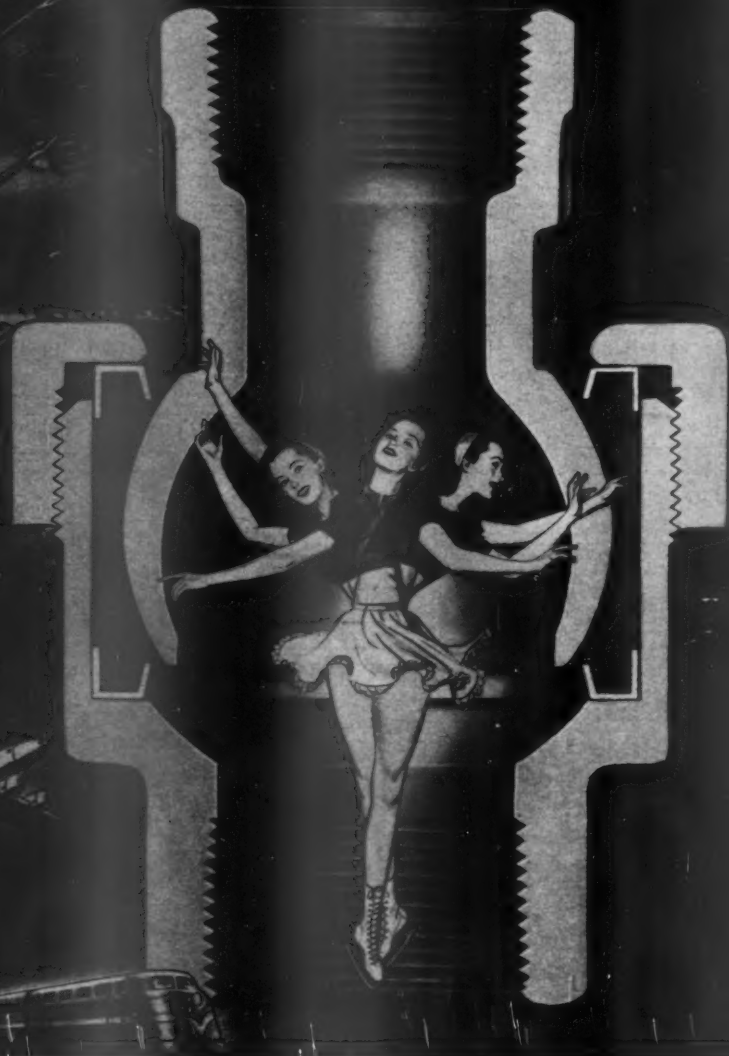
The C.I.O.'s refusal to exercise its strike authority drew A.F.L. picket lines to some of the C.I.O. plants in Washington state. But in most cases the C.I.O. strategists have been able to out-perse the pickets with injunctions.

• **Lining Up Other Crafts**—If there is a pinch on retail lumber yards in the immediate strike area, dealers have not disclosed it. The C.I.O. claims that its membership can keep that part of the industry supplied. But the A.F.L. is working on the other A.F.L. crafts which handle lumber to brand the C.I.O. product as "hot."

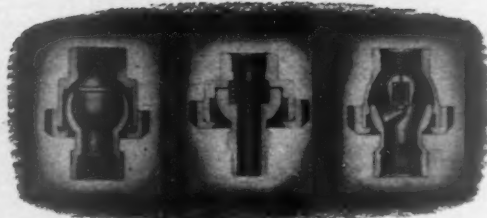
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## NWLB Plans Exit

Wartime agency adopts a new policy designed to clear books by Jan. 1. Conciliation Service may get bigger role.

Any doubts that the National War Labor Board meant business in repeated announcements of plans to wind up its work this year were ended when NWLB adopted a new policy designed to clear its books by Jan. 1, and if possible by Dec. 15, 1945.

• **By Request Only**—NWLB and its regional boards henceforth will accept new dispute cases only on joint request by the parties concerned, and will act only to the extent of naming an arbitrator or arbitrators who will make a binding decision. The boards will not hold hearings on the merits of any new cases, and will make no decisions.

Cases filed between Aug. 18 and Oct. 22, effective date of the new policy, will continue to be handled under the Aug. 18 program which provided that disputing parties must agree to accept directives, as final and binding. If, under former terms, appeals to the NWLB from regional or commission decisions were authorized, the national board announcement said that appeals still will be accepted for final action.

• **Appeals to Be Handled**—Appeals from directives issued prior to Oct. 22 will be processed as in the past, and NWLB will continue to hand down directives concerning their final disposition. However, in other pending and unsettled cases, national and regional boards and commissions will issue only recommendations concerning the appropriate terms of settlement, discontinuing the former practice of directing that disputes should be settled on specified terms. No appeals from recommendations will be accepted.

With its task thus eased, NWLB plans to aid regional boards and commissions in clearing congested calendars by transfers of personnel from national to regional boards, and from regional board to regional board.

• **Power Lacking**—The new policy was voted because (1) since the war ended NWLB has been almost powerless to enforce its orders, and (2) President Truman's forthcoming Labor-Management Conference has as one of its objectives the establishment of a peacetime mechanism for handling labor disputes.

NWLB, resentful over its transfer into the Dept. of Labor (BW—Sep. 22 '45, p. 5), wants to be ready to turn over its problems to a successor organization.

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when—and if—one materializes from the Nov. 5 conference in Washington.

Just what is to become of NWLB's role in carrying out the wage stabilization program is to be cleared up in a future announcement—presumably the wage-price statement by President Truman (page 5).

The new NWLB policy of settling disputes through arbitrators is no sharp departure from what has been going on for several weeks. Before turning disputes over to the NWLB, the U. S. Conciliation Service has attempted to obtain from disputants an agreement to accept the decision of NWLB or a designated agent. The new policy announcement just makes that practice official.

• **Conciliation Service Role**—In preparation for a larger role in the settlement of labor disputes, the Dept. of Labor's Conciliation Service has asked a tripartite advisory committee to look into policies and procedures on mediation and arbitration. Members are Dr. Sumner H. Slichter of Harvard University and Arthur S. Meyer, chairman of the New York State Mediation Board, representing the public; Vincent Ahearn and Clarence Skinner, industry members of NWLB, for industry; and Frank Fenton, A. F. L. director of organization, and John Brophy, director of the C. I. O. Industrial Union Council, representing labor. Brophy, now out of the country, is being represented by Clinton S. Golden, vice-president of C. I. O.'s United Steelworkers.

### RAIL PAY DEMANDS FILED

Industry-wide wage negotiations (BW—Oct. 20'45, p99) opened in a new quarter this week when A. F. Whitney, international president of the Brotherhood of Railroad Trainmen (Ind.), formally presented the brotherhood's demand for a 25% wage boost and other new contract provisions to representatives of railroads which have contracts with the brotherhood in this country, Canada, and Newfoundland.

The brotherhood's demands on behalf of its 215,000 employed members are only a part of similar demands which now have been announced by virtually all independent and A.F.L. unions under contract with the nation's railroads, and which cover a large part of the industry's 1,500,000 employees.

Opening of formal negotiations in Chicago brought statements from the brotherhood that its members have had no wage increase since they were awarded 10% in 1943, and that some groups of passenger department members still are working ten-hour days and are the "only ones in labor" still working on that basis.

## Dock Armistice

**Longshoremen's strike ends,  
but battle against Ryan's grip  
on union continues with new  
trouble on piers likely.**

Joseph P. Ryan, brawny lifetime president of the A.F.L. International Longshoremen's Assn., last week successfully weathered his first major test of strength since 1934 as insurgent stevedores on New York docks ended an 18-day strike which had tied up almost all ships in the harbor (BW—Oct. 20'45, p96).

• **Only an Armistice**—The victory, however, did not give much ground for optimism among those anxious to preserve peace on the piers. It was obviously a shaky triumph, likely to be upset unless Ryan provides at least a semblance of democratic processes in union affairs for his rank-and-file.

The crippling strike, which broke 18 years of reasonably harmonious relations between East Coast shippers and longshoremen, saw (1) the emergence of a strongly supported left-wing bloc within I.L.A., working through William E. Warren, a rank-and-file leader, to challenge Ryan's domination of the I.L.A., and (2) unneeded confirmation that Harry Bridges' C.I.O. longshoremen's union and other leftist labor groups stand ready to assist any movement to topple Ryan, hoping, in the scramble, to win control of the eastern waterfront. As long as this situation continues, recurrences of tie-ups on New York docks will not be unlikely.

• **Sore Spots**—The strike involved, at peak, 35,000 longshoremen, and was due as much to the growing dissatisfaction over Ryan's leadership as to the pretext of contract issues. After more than two weeks of effort, supported solidly by other A.F.L. unions including Harry Lundberg's Seafarers' International, Ryan succeeded in getting an estimated 13,500 stevedores into dock gangs, enough to start work on practically all strikebound cargoes.

While insurgent leaders bitterly assailed Ryan and Lundberg for "strike-breaking" and charged that stevedores had been mustered from outside both New York City and the I.L.A., it was obvious that the backbone of the walk-out was broken.

Warren, as nominal leader of the rank-and-file revolt, ordered his followers back to work. Subsequently he charged that he had been a "dupe" of communist waterfront elements masquerading as A.F.L. unionists, and was withdrawing his support from the in-



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surgents. Others, however, were found to fill the gap. Announcement was made that the fight on Ryan would go on in the courts and I.L.A. union halls.

• **Too Much Harmony?**—Main grievance is that Ryan, never enthusiastic

about annual conventions, called together union delegations in 1943 and "won" election as lifetime president of I.L.A., at \$20,000 a year and expenses. Moreover, the insurgent bloc feels that Ryan is on too good terms with shipping

management, and is not militant enough in demanding improved employment conditions such as Bridges' C.I.O. union has won on the West Coast since 1937.

With a cauliflowered ear to the ground, Ryan negotiated this week with

## HOW WAR HAS CHANGED THE WAGE PICTURE

Tabulated below are some salient figures that are being invoked by both labor and industry in the current wage disputes. Wartime changes between January of 1941 (base date of the Little Steel formula) and March of 1945 (which may be taken as the last peak war-production month) varied sharply, not only in weekly earnings, but also in the factors which combine to make up the pay

envelope—hours worked per week and average straight-time pay per hour (which excludes the effect of overtime premiums). Formulation of any national wage-price policy (the Trend, page 124) is complicated not only by these varying increases but also by their varying effect on costs, and consequently on prices, since the ratio of labor cost to total sales also varies widely from industry to industry.

Industry	Average Weekly Earnings			Average Weekly Hours			Average Straight-Time Hourly Earnings			Wage Bill as % of Total Sales (1939)
	Jan. 1941	March 1945	Percent Increase	Jan. 1941	March 1945	Percent Increase	Jan. 1941	March 1945	Percent Increase	
<b>ALL MANUFACTURING INDUSTRIES</b> .....	\$26.64	\$47.51	78%	39.0	45.3	17%	66.9¢	97.2¢	45%	16.0%
Durable Goods.....	30.48	53.38	75	40.7	46.9	15	72.5	104.9	45	17.9
Nondurable Goods.....	22.75	39.00	71	37.3	43.5	17	60.1	84.7	41	14.5
<b>DURABLE GOODS</b>										
Blast furnaces, steel works, and rolling mills....	33.60	56.15	67	38.7	46.8	21	85.2	110.2	29	18.3
Grey iron and semisteel castings.....	30.45	53.98	77	41.2	48.5	18	71.2	102.1	43	22.3
Hardware.....	25.24	47.31	87	40.9	47.6	15	60.0	91.8	53	26.0
Stoves, oil burners, etc.....	26.07	48.78	87	38.7	46.5	20	66.5	96.7	45	20.4
Stamped and enameled ware and galvanizing....	26.32	48.71	85	39.4	46.2	17	65.0	97.5	50	22.5
Electrical equipment.....	33.18	52.51	58	43.4	47.1	9	72.3	102.9	42	n.a.
Radios and phonographs.....	24.08	43.04	79	38.2	45.9	20	62.1	86.6	40	17.0
Communication equipment.....	32.47	47.18	45	41.4	45.7	10	75.3	95.7	27	23.2
Machinery and machine shop products.....	34.00	55.03	62	43.7	48.6	11	73.3	102.8	40	22.7
Engines and turbines.....	36.50	60.85	67	44.1	49.1	11	77.7	112.8	57	25.7
Tractors.....	36.03	53.58	49	41.5	46.4	12	83.4	106.7	28	19.6
Agricultural machinery, excluding tractors.....	29.92	54.68	83	39.5	47.5	20	74.0	105.5	43	21.0
Machine tools.....	40.15	60.49	51	50.4	51.5	2	71.6	105.1	47	28.6
Machine-tool accessories.....	37.90	61.70	63	50.0	49.8	0	68.2	111.7	64	32.9
Railroad cars.....	29.57	55.91	89	38.5	46.5	21	75.4	110.4	46	20.6
Aircraft and parts, excluding engines.....	34.13	56.24	65	44.7	47.1	5	72.6	109.8	51	27.7
Shipbuilding and boatbuilding.....	37.69	64.63	72	42.0	47.6	13	85.5	125.2	46	31.7
Automobiles.....	37.69	59.49	58	38.9	46.5	20	95.0	118.4	25	16.0
Nonferrous metals and products.....	30.47	51.25	68	41.4	47.5	15	70.7	99.0	40	11.6
Sawmills and logging camps.....	19.59	33.02	69	38.4	42.4	10	50.1	74.2	48	31.0
Furniture.....	21.42	38.51	80	39.0	44.6	14	54.1	81.9	51	24.9
Glass and glassware.....	28.02	41.27	47	36.3	42.8	18	76.4	92.0	20	n.a.
Brick, tile, and terra cotta.....	21.74	34.69	60	36.9	42.3	15	57.9	77.7	34	34.0
<b>NONDURABLE GOODS</b>										
Cotton manufactures, except small wares.....	15.60	27.79	78	37.2	42.5	14	41.3	62.3	51	25.9
Silk and rayon goods.....	16.53	30.33	84	35.7	42.5	19	46.1	67.9	47	21.1
Woolen and worsted manufacturing.....	21.78	36.95	70	37.9	42.9	13	56.7	81.8	44	20.0
Hosiery.....	18.51	29.96	62	33.8	38.5	14	55.0	76.4	39	34.3
Men's clothing, not elsewhere classified.....	20.40	35.65	75	33.4	40.0	20	60.7	86.1	42	22.8
Shirts, collars, and nightwear.....	14.22	26.68	88	33.0	38.3	16	43.1	67.8	57	23.4
Women's clothing, not elsewhere classified.....	19.47	42.93	121	33.2	37.8	14	55.3	107.5	94	21.0
Boots and shoes.....	19.58	34.46	76	37.0	41.8	13	52.3	78.6	50	n.a.
Slaughtering and meat packing.....	26.84	42.94	60	39.3	45.1	15	66.6	86.0	29	6.1
Baking.....	26.46	39.08	48	41.1	45.7	11	62.1	79.6	28	20.6
Malt liquors.....	34.57	51.45	49	36.4	44.9	12	94.1	106.5	13	11.8
Sugar refining (cane).....	22.73	40.81	80	35.0	47.7	36	65.0	78.3	20	4.2
Cigarettes.....	22.38	34.88	56	37.3	44.2	18	59.2	74.1	25	2.5
Cigars.....	15.13	29.60	96	35.0	42.5	21	43.2	66.7	54	21.3
Paper and pulp.....	27.02	43.60	61	40.8	48.5	19	64.0	81.8	28	15.1
Paper boxes.....	22.26	36.01	62	38.8	43.6	12	56.5	77.9	38	16.7
Newspapers and periodicals.....	38.15	50.15	32	35.4	38.7	9	105.2	125.1	19	14.4
Printing, book and job.....	31.64	45.35	43	39.6	42.9	8	79.1	100.7	27	28.6
Drugs, medicines, and insecticides.....	24.68	36.44	48	39.3	43.6	11	60.5	79.1	31	6.4
Rayon and allied products.....	27.26	39.18	44	39.2	42.6	9	68.1	87.6	29	24.3
Industrial chemicals.....	33.10	53.78	63	40.3	47.3	17	79.7	104.4	31	11.3
Petroleum refining.....	34.46	59.47	73	35.7	47.4	33	97.0	115.5	19	5.2
Rubber tires and inner tubes.....	36.67	57.29	56	37.7	45.3	20	96.0	117.3	22	15.5
<b>NONMANUFACTURING INDUSTRIES</b>										
Bituminous coal.....	26.00	52.17	101	29.7	43.6	47	88.5	113.1	28	*65.2
Crude petroleum.....	33.99	54.58	61	37.7	46.1	22	87.1	107.6	24	*17.7
Telephone.....	32.52	39.94	23	39.7	42.8	8	80.4	90.3	12	*36.3
Street railways and buses.....	33.63	49.55	47	45.3	51.6	14	68.1	84.5	24	*33.3
Electric light and power.....	35.49	49.77	40	39.4	44.2	12	88.3	105.6	20	*15.8
Wholesale trade.....	30.59	44.00	44	40.6	42.9	6	73.1	96.4	32	*4.7
Retail trade.....	21.53	27.21	26	42.9	39.3	-8	52.1	74.2	42	*10.8
Hotels.....	15.65	23.97	53	45.9	44.9	-2	31.3	49.6	59	*28.2
Power laundries.....	18.37	28.80	57	42.9	43.8	2	40.7	62.2	53	*51.5

n.a. — not available. \*Includes both wages and salaries; comparable figure for all manufacturing industries was 23.5%. †Latest year for which data are available.

the shippers' association on contract terms which go beyond those to which association and union negotiators agreed before the recent walkout. Principal demands are for a reduced sling-load, elimination of one of three daily shape-ups, call-in pay, standardized work crews, and premium pay for meal times worked.

• **Bridges Marks Time**—With Warren's back-to-work order given, the C.I.O.'s National Maritime Union, through which Bridges was working, could do nothing but concur without enthusiasm.

But there was little doubt that it was a withdrawal with limitations. Since early in the war Bridges has made no secret of his intention, once war conditions are over, to stage a dog-eat-dog fight with Ryan for full control of the nation's docks.

## Lewis Bides Time

Keeps out of picture while U.M.W. foremen's affiliate puts case before NLRB. Showdown in coal industry will come later.

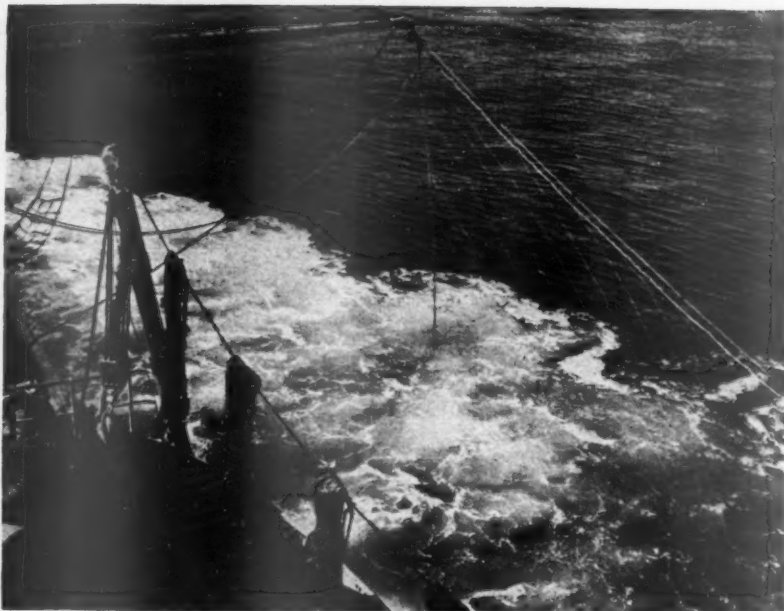
John L. Lewis' back-to-work order which ended a soft coal field strike of 200,000 United Mine Workers last week still was a subject of speculation as the issue behind it—a demand for recognition of supervisory employees organized into a U.M.W. affiliate—went before the National Labor Relations Board for decision in a Jones & Laughlin Steel Corp. test case.

• **Demands Reaffirmed**—Lewis called an end to the walkout "in the public interest" after failure of Secretary of Labor Lewis Schwellenbach's conciliation efforts. He made clear, however, that the order was not a withdrawal of U.M.W. demands that mine clerical, technical, and supervisory employees should be recognized as a collective bargaining unit.

Negotiations concerning acceptance of the group by coal producers will be "resumed at a later, more appropriate date," Lewis' announcement said.

• **Washington Hearing**—Meanwhile, U.M.W.'s District 50-affiliated United Clerical, Technical & Supervisory Employees Union—whose strike precipitated the U.M.W. walkout, closing 917 mines—shifted its attention to the NLRB hearing in Washington.

There, with Lewis and other parent U.M.W. officials notably absent, old arguments for and against foremen organization (and particularly over the relationship of the supervisory union to U.M.W.) were hashed over again. Briefs were ordered submitted to NLRB on Oct. 29. If ordinary procedure is



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**T**HIS is one of those stories that couldn't be told before. It's about the U-boat attacks on our Atlantic shipping, and how they were reduced to impotency—just in the nick of time.

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followed, a decision can be expected within a month of that date.

• **Committed to a Policy**—The foremen's recognition fight thus reverted to a situation similar to that in the guidepost Maryland Dry Dock Co. (Baltimore) case (BW—May 15 '43, p. 10) in which NLRB was called on to decide whether foremen should be recognized as employees under the National Labor Relations (Wagner) Act. Only differences are that now NLRB is committed to a policy of recognizing unions exclusively devoted to supervisory employees, such as the Foreman's Assn. of America (BW—Mar. 31 '45, p. 15), and that Paul M. Herzog now is sitting in the chairman's seat occupied by Harry M. Millis during former hearings.

Importance of that stems from the fact that again, as in the past, it is apparent that the chairman's vote will decide the case.

• **Opposing Viewpoints**—John M. Houston and Gerard Reilly, board members, have indicated opposing viewpoints, Houston leaning toward granting the union's petition for certification, and Reilly favoring the company's position that supervisory employees are a direct part of management.

The Jones & Laughlin case dates back to 1941, when supervisory employees sought recognition for their Mine Officials Union of America, an independent organization, and were turned down. One year later the M.O.U.A. affiliated with Lewis' U.M.W., becoming a part of District 50.

• **Board to Board and Back**—Since that time, the supervisors' demands have been shunted between the NLRB, National War Labor Board, and back. A strike vote Sept. 20 finally brought the four-year dispute to a boiling point.

While Lewis has kept close counsel on the facts behind his actions in the costly mine stoppage, considerable credence is given to reports that the strikes were not a part of broad U.M.W. strategy, but stemmed from the Jones & Laughlin strike vote.

• **A Show of Strength**—Lewis made no effort to stop the spreading strikes, so the story goes, but let them extend throughout the bituminous fields as a show of strength for his miners, and as a demonstration of the ineffectiveness of governmental labor activities. He called a halt after achieving that double objective.

A 30-day notice is required for reopening wage provisions in U.M.W.'s contracts. Likelihood is that the real showdown between Lewis and the operators will be tipped off in advance by another wage demand, to be made to include—if necessary—the now postponed demand for supervisor recognition.



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## Crawford Wins

Thompson Products workers  
again vote for open shop, and  
C.I.O. is expected to challenge  
results, as in previous polls.

Third attempt by C.I.O.'s United Auto Workers to break through the open-shop barrier in Cleveland's Thompson Products, Inc., this week wound up with relatively the same result as former campaigns, a 2-to-1 rebuff for C.I.O. in a National Labor Relations Board election to determine whether an international union should be designated as collective bargaining agent for Thompson employees.

● **Challenge Expected**—The poll, which climaxed another bitter campaign at the company's main plant, showed 1,707 employees want no international union in the plant, 929 want to be represented by C.I.O.'s United Auto Workers, and 55 favor an A.F.L. auto union. Votes were received from 2,876 of 4,200 employees eligible to vote. The last NLRB poll resulted in 2,033 votes against union representation, 1,291 for C.I.O., and 256 for A.F.L. (BW—Sep. 9'44, p98).

As before, C.I.O. is expected to challenge the validity of the election, specifically, the part Frederick C. Crawford, president (BW—Sep. 16'44, p94), and other Thompson officials played in the campaign which, in its last two weeks, saw new lows set in the seven-year feud between the company and C.I.O.

● **Libel Suit Filed**—Crowning touches of the latest campaign came in the courts. NLRB, seeking to avert a re-

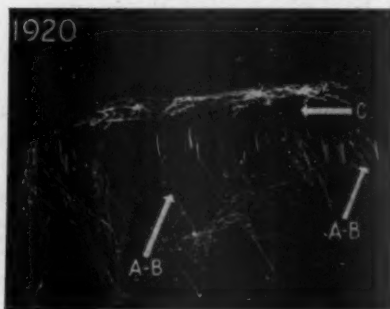
currence of what it described as illegal interference by Crawford in the 1944 election, sought unsuccessfully to have the U. S. Sixth Circuit Court of Appeals, in Cincinnati, issue a restraining order to prevent Crawford and other company officials from addressing mass meetings of employees.

A second court action, a \$100,000 libel suit brought by W. G. Grant, U.A.W.-C.I.O. organizer imported from Detroit, against Thompson Products, was filed on the eve of the election after the company, through its photographer, questioned the authenticity of a picture of President Truman and Grant widely used by the union to counteract company attacks on Grant.

● **Talk Gets Results**—As usual, Thompson employees were treated to company sponsored circus acts, belly-laugh stories, and a fiery—and sobering—talk by Crawford, climaxed when the Thompson president dramatically waved a sheaf of orders obtained, he said, at the expense of competitors whose plants are strikebound by C.I.O. unions. The orders mean, he promised, good pay for 52 weeks in the year and for at least four years into the future.

When votes were cast, this apparently heavily overbalanced the C.I.O.'s arguments, which were steeped with vilification against Crawford and other Thompson officials and rank-and-file supporters. Even before voting was concluded at the plant, the C.I.O. organizers had glumly folded their tents and stolen away.

● **Long Campaign**—C.I.O. previously had sought to be named Thompson collective bargaining agent in May, 1942 and August, 1944. In both prior cases NLRB set aside the election results after protests from C.I.O. were investi-



### NEW LIGHT ON OFFICE EFFICIENCY

Diebold, Inc., of Canton, Ohio, is making new use of "light" photography to compare the movements involved in using filing systems of 25 years ago with the motions of an operator of the company's rotating cardineer file (right). "Light lines" (left) zig-zagging across time exposure photographs tell the story—reproduced in Diebold's own laboratory—of what happens when an operator refers to accounts in files of 1920 vintage. Small light bulbs attached to the worker's wrists and head register the pattern of movement.



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## **BUSINESS WEEK**

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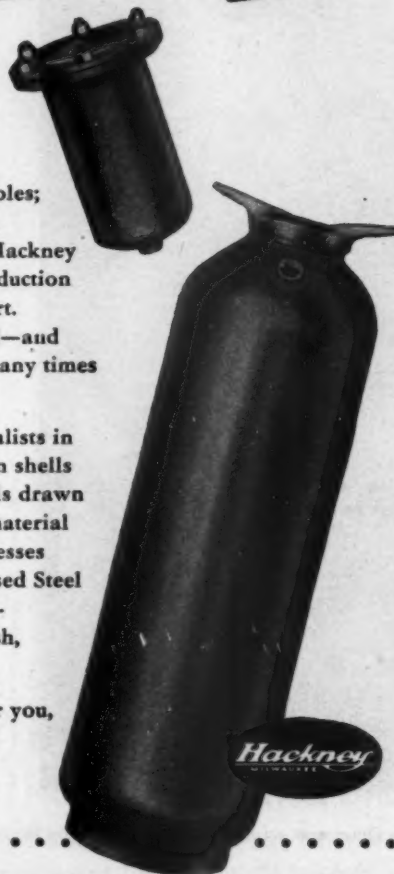


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gated. The current drive got under way in January, 1945.

C.I.O. this time made no effort, as it had in previous elections, to bring the company's subsidiary Thompson Aircraft Products, Inc., into the fold, although the bulk of the company's production will be centered in that plant—about to be taken over by the company from the Office of Defense Plants.

## LABOR MARKET SURVEY

First peacetime classification of national labor market areas by the U. S. Employment Service of the Dept. of Labor shows that of 135 areas only twelve have a "large volume of current unemployment," while 14 still have relatively stringent employment conditions.

During October, continuing tight labor conditions have been found in Group I areas at Sacramento, San Jose, and Stockton, Calif.; Washington, D. C.; Peoria, Ill.; Gary-Hammond, Ind., and South Chicago, Ill.; St. Joseph, Mo.; Long Branch and Perth Amboy, N. J.; Charleston, S. C.; Knoxville, Tenn.; Salt Lake City, Utah; and Hampton Roads and Richmond, Va.

Large volume of unemployment was found in Group IV areas of San Diego, Calif.; Evansville and South Bend, Ind.; Wichita, Kans.; Detroit, Flint, Grand Rapids, Lansing, and Muskegon, Mich.; Buffalo-Niagara Falls, N. Y.; Tulsa, Okla.; and Scranton-Wilkes Barre, Pa.

Fifty-six areas were classified in Group III, with a "substantial labor surplus," and 53 were listed in Group II, areas with labor supply and demand in balance.

## JOINING THE PAY SCRAMBLE

In the mass clamor for 30% wage increases, the C.I.O. Utility Workers Union achieved distinction for its willingness to rock along at the Southern California Gas Co. at wartime wage rates and at the wartime 48-hour week (BW—Sep. 22 '45, p103).

Last week the union climbed aboard the 30% bandwagon, serving notice that the honeymoon will end Nov. 1. Corresponding wage demands were served simultaneously on Southern California Edison Co. and Pacific Gas & Electric Co. (northern California).

Theory behind retention of the 48-hour week with the eight hours of overtime pay which it involves for the 3,500 Southern California Gas employees was that a return to 40 hours would require employment of additional workers who would have to be fired when the company's 800 employees in the services return. The agreement to retain the longer work-week, on a month-to-month basis, lasted two months.

# THE INTERNATIONAL OUTLOOK

BUSINESS WEEK

OCTOBER 27, 1945



This week's gloomy statement by Lord Halifax about the course of the U. S.-British commercial negotiations in Washington was a strategic exaggeration. Actually, there is no doubt that some agreement will be reached.

Problem, as from the beginning, is to agree on terms which are sufficiently liberal to match British needs and yet reasonable enough to meet fairly wide-spread congressional hostility.

Recent slowdown of negotiations was caused by a U. S. demand for time to assemble additional facts, and not by differences among the conferees.

It is in part to overcome congressional hostility in Washington that Canada will agree to provide \$1,000,000,000 of the \$6,000,000,000 needed by London.

This gesture by the Dominion will be dramatized by the holding of several sessions of the conference in Ottawa before results are announced. Best estimate now is that the meeting will wind up some time before Nov. 10.

Don't miss window dressing already under way in London to help sell Congress on the quality of the British risk, despite the fact a Labor government with plans for the broad nationalization of industry is in office.

Britain's new tax program, while it increases the load in the upper income brackets at the same time that it lowers the burden for the little taxpayer, is intended as an earnest of the country's determination to pull in its belt until its financial house is in order.

As a sop to business, the excess-profits tax is cut from 100% to 60%.

In addition, Parliament has extended wartime control powers of the government for another five years. While many may be relaxed long before the end of this period, British executives noted grimly this week the Finance Minister's warning that price controls would continue to be rigidly enforced.

Less acceptable to an already skeptical Congress as well as to British property owners and investors are other Labor government moves which threaten to interfere with the traditional operation of the free enterprise system in Britain.

Present plans give municipal housing authorities the edge over private builders, at least during the next few years in which the housing crisis will remain acute.

Local authorities would be empowered, under present plans, to seize private property on 14 days' notice if it was considered essential to the rehousing program, and to compel labor to enter building trades if necessary workers could not be recruited on a voluntary basis.

Beyond using such drastic measures to assure speedy reconstruction at home, London's Labor officials are taking vigorous action to boost exports.

Rigid export quotas are being imposed on key industries at the same time that annual production quotas are set.

Seventy major radio producers, for example, are being licensed to produce 1,000,000 sets during the next twelve months, but 400,000 will be put aside for export despite acute shortages at home. Prewar, the industry produced 1,400,000 sets, of which not more than 66,000 were exported.

And despite the fact that Britain is desperately in need of new auto-



# THE INTERNATIONAL OUTLOOK (Continued)

**BUSINESS WEEK**  
**OCTOBER 27, 1945**

mobiles, 50% of the coming year's production is ticketed for shipment abroad. In the U. S. not even 5% is allocated for export though some producers may send more than that amount to their prewar foreign agents.

Though, in contrast with Britain, the U. S. so far has no vigorous program of allocating fixed quotas of next year's production for export, individual interests are aggressively talking export prospects.

Export-Import Bank credits are behind the latest French government order for 500 locomotives, to supplement contracts already held by Baldwin, American, and Lima Locomotive companies for 700.

Four representatives of Sun Shipbuilding Co. (Chester, Pa.) are now in Switzerland negotiating for licenses to manufacture the new Brown-Boveri high-efficiency gas turbines for ship propulsion and oil refinery service.

Georgia lumber interests have made a contract with Belgian coal mine owners to ship \$2,500,000 of pine pit props as fast as the 20 ships required to deliver 125,000 tons of props can be chartered.

West Coast traders are preparing for the resumption of business with the Orient. American President Lines, with several ships already on the Philippines run, have just announced the first sailing in a resumption of service to Shanghai and Hong Kong. The President Grant sails from San Francisco on Nov. 16.

Moscow has recently announced vigorous new plans to encourage exports with which to pay for the vast quantities of foreign manufactures that the U.S.S.R. would like to buy from abroad.

Utilizing a system of production bonuses to workers—in both goods and cash—Soviet officials are making drives to boost output of four key prewar export specialties: lumber, manganese, flax, and gold.

In addition, Moscow has reintroduced the whole prewar system of personal privileges for people willing to help develop resources of the far north.

Despite disparaging reports from textile experts in this country, Soviet authorities will push colored cotton as a novelty in foreign markets.

Russians announced long ago the successful cultivation of colored cotton, with the brown variety the most successful.

Now, Soviet agricultural authorities claim they can grow yellow, green, pink, brown, blue, and smoke-colored cotton in quantity.

To prove their point, a Moscow textile mill is committed to produce 350,000 children's suits from naturally colored cotton this year. Savings on dyeing are said to cut fabric costs 20%.

And authorities at Tashkent, center of Russia's cotton zone, declare that 500 tons of yellow cotton alone will be grown this season.

Current alarm over Russia's reported 50% participation in key industries in Hungary may shrink when full details are known.

Little publicity has been given to the fact that Moscow has written down first drastic reparations claims in almost every country in eastern Europe.

Observers in Hungary point out that Russian demand for a share in the control of Hungarian industry may be abandoned when reparations claims are fulfilled. Until then, it is an effective club over hostile managers who might try to welsh on deliveries.

# BUSINESS ABROAD

## Cutting the Economic Pattern

Cycle of important conferences is determining how free world trade can be. For U.S., problem is that of converting concessions won bilaterally into effective multilateral agreements.

As the network of international conferences widens, the postwar pattern of world economic policy begins to emerge.

General conferences have been held on postwar relief, agriculture, monetary stabilization and international development, an international court of justice, security, and civil aviation.

• **Four More**—This month four further developments came into focus:

(1) In Washington, side by side with talks to determine the extent of U.S. financial aid to Britain, definitive discussions of future commercial policy were under way.

(2) Plans for a British-American conference on cable and wireless communications are set.

(3) In Montreal, the Provisional International Civil Aviation Organization began drafting plans for a general assembly at which business unfinished at Chicago will be tackled.

(4) The U.S.-British petroleum agreement was readied for Congress in advance of plans for an international oil meeting.

• **Pursuant to Pledges**—All these events are designed to make effective the pious promises of the Atlantic Charter, restated and amplified in Article VII of the Master Lend-Lease Agreements.

The Atlantic Charter promised all nations "access, on equal terms, to the trade and to the raw materials of the world." Article VII of the lend-lease pacts pledged signatories—some 30-odd countries—to efforts "directed to the expansion, by appropriate international and domestic measures, of production, employment, and the exchange and consumption of goods . . . ; to the elimination of all forms of discriminatory treatment in international commerce, and to the reduction of tariffs and other trade barriers."

• **Voice of Power**—In the present cycle of conferences, the United States is wielding its newly recognized prerogatives as the most powerful economic unit in the world.

In consequence, many a traditional privilege is being challenged on the hard-to-combat premise of equality of opportunity and free competition.

The U.S. now leads the world in

commercial airpower, and it swung its weight around at Chicago to preserve this leadership.

The U. S. has built, during the war, a vast world communications system, and it intends to use it as a lever to break a British commercial communications monopoly.

• **With Respect to Oil**—The U. S. intends to use any available bargaining weapons to assure equality in the exploitation of world oil resources.

Right now the degree of financial aid to Britain hinges on London's willingness to join in a general tearing-down of trade barriers—including Empire preferences.

The Montreal air meeting—although primarily technical—cannot evade the issues it has inherited. The Chicago conference in November, 1944, provided a striking example of international agreement in the face of violent—and adamant—disagreement between two leading participants. Its aftermath can be a warning of the possible consequences of failure to achieve multinational unity.

• **Compromise**—Due primarily to the earnest endeavors of the Canadian delegation, a compromise agreement granting two of the freedoms sought for air traffic resulted in the formation of an international civil aviation body. But failure to achieve a "four freedom" or "five freedom" agreement started a chain of bilateral pacts between the U. S. and other powers to achieve the additional freedoms for U. S. airlines. (The British had balked on guaranteeing the right of airlines to pick up cargoes en route on long hauls, and terms of allocating frequency of flight could not be agreed upon.)

To avoid bilateral solutions on a world scale, Washington has been forced to preliminary bilateral agreement upon broad objectives.

This was the case with petroleum policy—and world agreement may follow the pattern set by the proposed U. S.-British agreement.

• **Communications Aims**—Next month in Bermuda, representatives of the British Commonwealth and U. S. delegates may successfully agree upon elimina-



### FOR FOOD PEACE

While Canada's Postmaster General Ernest Bertrand looks on, U. S. Secretary of Agriculture Clinton P. Anderson signs the constitution of the United Nations Food & Agriculture Organization. Pledged to eliminate hunger as a cause of war, the Quebec meeting hit a snag this week when heavy agricultural producers and exporters like Australia urged strict controls, particularly as to surpluses. Other nations like China, on the other hand, stress research and education. Chances are that, at least until normal trade relations are resumed, no drastic controls will be set up and FAO will remain chiefly advisory.

tion of discriminatory practices in cable and wireless communications, prior to a world parley. According to reports, the conference will attempt (1) to eliminate U. S. and British monopolies in other than U. S. or British countries; (2) to eliminate preferential rates between Empire destinations; (3) to adopt low uniform rates; (4) to adopt the principle of "direct route" transmission; and (5) to perpetuate U. S. rights to British circuits, granted during the war.

In preparation for a world commercial policy conference next June, the U. S. and Britain are seeking agreement on (1) the depth of progressive reductions of tariffs, quotas, and other trade barriers; (2) cartel policy; (3) commodity agreements; and (4) international co-

ordination of full-employment mechanisms.

• **And Then**—U. S.-British accord may logically be followed by U. S.-Canadian and United Kingdom-Commonwealth agreements—either in the form of bilateral agreements or in signed statements of principles.

Failing such alignment of policy, which would permit creation of a permanent United Nations commercial policy organization, the alternative—and undesirable—result would be bilateral arrangements to consolidate antagonistic and defensive positions for a long and dangerous economic war between rival blocs.

## CRISIS IN COAL

LONDON—Labor government shock-treatment for Britain's ailing coal industry will result in full national ownership within a year.

Emanuel Shinwell, Minister of Fuel & Power, announced last week that the nationalization bill will be presented before Christmas, and that a National Coal Board will be established before Easter.

If this schedule is precipitous Britain's coal crisis offers sufficient explanation. Output is lagging 120,000 tons weekly behind last year, when total production, 184,000,000 tons, was nearly 60,000,000 tons below annual prewar output. Nearly 5,000,000 tons were lost during holidays. Stocks, especially at gasworks, are dangerously low.

The coal industry emerges from the war with costs doubled and worker productivity down 10%. Per-ton cost this year is 36 shillings, compared with 17 in 1938; wage-cost per ton has risen

from eleven shillings to 25. The government hopes to stabilize wages, while cutting costs to consumers by modernization. Capital outlay to revive the industry is estimated to range from £150,000,000 to £300,000,000 (roughly \$600,000,000 to \$1,200,000,000).

Shifting ground, the Labor government has abandoned plans to issue stock in the Coal Board to owners of nationalized mines and will pay cash compensation. Party officials seek to avoid creation of a class of private stockholders in national enterprise.

## RAILROAD IS RUSSIANIZED

In one of the fastest conversion jobs on record, Red Army engineers broad-gauged Manchuria's Chinese Eastern Railroad from border to border between invasion-day (Aug. 8) and Sept. 3.

By the Sino-Soviet railroad agreement of Aug. 14, the two countries assume 30-year joint control of the Chinese Eastern and the South Manchuria railroads, to be known now as the Chinese Changchun R.R. The first Russian train from the west arrived at Harbin, in central Manchuria, on Aug. 29, and five days later a train arrived from Vladivostok. Length of the line across Manchuria is over 750 mi.

There is no indication yet, but it is probable, that the Harbin-Dairen track will be widened to accommodate Russian trains in view of the special free-port arrangements at Dairen and naval-base agreement at Port Arthur, twin cities on the Yellow Sea.

In addition to mainline trackage of more than 900 mi., the Soviets have widened some 300 miles of siding and yards.

## Brazil's Rubber

Official record shows that results of wartime program were substantial despite decline in shipments of crude to U. S.

RIO DE JANEIRO—Reacting to popular but uninformed criticism of arrangements between the United States and Brazil to encourage rubber production, an official report on the war record has been issued by the two governments.

• **Accord Signed**—At the outbreak of war in the Far East, a rubber accord was signed governing prices, sanitation protections, and other operations of the Rubber Development Corp. and Brazil's Commission for the Control of the Washington Accords.

Americans were frequently critical of the rubber program because, unaware of the rapid expansion of Brazilian rubber fabricating facilities (which supplied neighboring countries as well as the United States), they saw only discouraging and declining figures on U. S. imports of Brazilian crude.

• **In Terms of Production**—The production picture, however, was as follows (in tons):

1941	16,440
1942	17,050
1943	22,200
1944	28,659
1945 (6 mo)	14,704

Brazilian exports of rubber products, chiefly tires, were as follows:

1941	\$181,400
1942	620,000
1943	1,800,000
1944	2,840,000

Until Washington reveals the cost to the U. S. of efforts to expand Brazilian rubber output, however, it will be impossible to assess the over-all success of the program.

## SOVIET FASHIONS

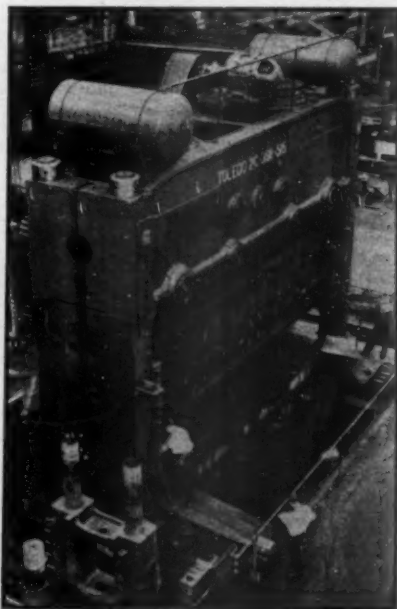
Last month Vol. I, No. 1, of the Soviet Union's first fashion magazine made its appearance on Moscow's magazine stands.

The new magazine devotes much of its space to pictures of the new styles in ready-made clothes, knit goods, footwear, furs, and hats which are now in mass production. Models were selected earlier this year in a Moscow style competition at which designs from all over the Union were judged.

Publication of the periodical reflects Moscow's determination to fill the long-thwarted demand for civilian goods in unrestricted quantities.

## HEAVY-WEIGHT

New—and weighty—evidence of the magnitude of Russia's industrial intentions is the 1½-million-lb. crown-type mechanical press (right), one of the largest ever made in this country. Built by Brooklyn's E. W. Bliss Co., it is designed to deliver 2,500 tons of pressure. Operating at six strokes per minute, it is said to produce two chassis frames every ten seconds for trucks, tractors, or automobiles. The company believes it is as big as any press in United States automotive plants. Originally ordered under lend-lease, it was completed under special contract with the Soviet government after V-J Day and was being made ready for shipment last week.







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## CANADA

### Drew's Blue Sky

Ontario premier tightens law on sale of securities and orders better enforcement to protect speculators against fraud.

TORONTO—With the appointment last week of a new securities commissioner, and the prospect of enforcement of a strengthened securities act, Ontario has finally moved to eliminate the basis of American criticism of Canadian stock promotions and sales by suspect operators.

• **New Regulations Coming**—Premier George A. Drew has appointed Charles P. McTague, successively a justice of the Ontario Supreme Court, chairman of the National War Labor Board, and chairman of the War Contracts Depreciation Board, to be securities commissioner. Following consultation between McTague and the Attorney General of Ontario, the new securities act, drafted several months ago, will be proclaimed.

The major boom in Canadian mining stocks on the Toronto exchange last spring (BW-May 5'45, p117) culminated in a tide of criticism in the U. S. on the part of individuals and of the Securities & Exchange Commission in Philadelphia. Attorneys general of half a dozen states barred sales of Canadian gold mine stocks (BW-Jul. 14'45, p65).

• **U. S. Is Tougher**—There has always been—and remains—a difference in the concept of securities regulation in Canada and the U. S. Canadian laws are far less rigorous than those in the U. S., though they are more exacting than, for example, the companies act in Britain.

Most American criticism has been of high-pressure promoters, many of whom used the long distance telephone to give hot tips on drill-hole stocks to unwary U. S. speculators. There are about 650 stocks listed on the Toronto Stock Exchange (of which 225 are gold mining shares) but there are an estimated 1,250 additional stocks—mostly gold mining—sold over-the-counter in Toronto.

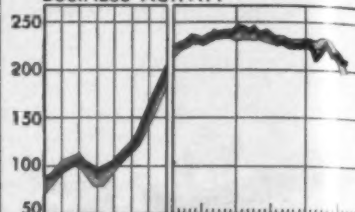
• **How Drew Stands**—Drew, replying to U. S. critics and explaining provincial plans, has stressed the need of risk capital in mining development and promised effective prosecution of fraud in stock sales wherever it can be proved. But he has refused "to take investors by the hand and guide them past every pitfall" preferring rather to tell them that "investment in securities is at all

### TREND OF BUSINESS CANADA AND U.S.A.

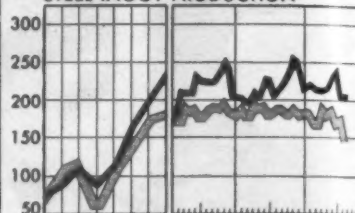
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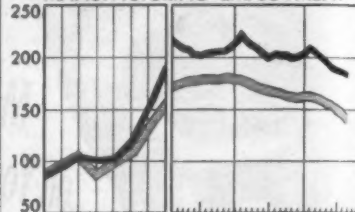
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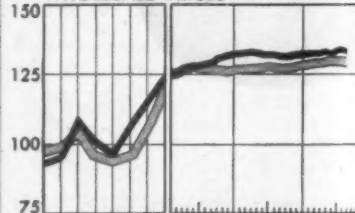
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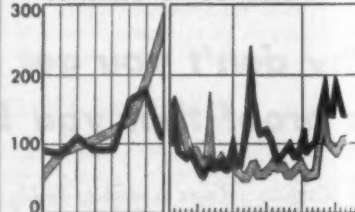
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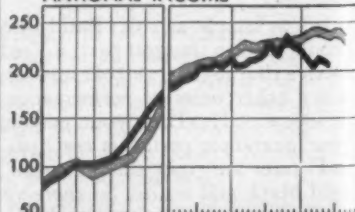
#### WHOLESALE PRICES



#### CONSTRUCTION CONTRACTS



#### NATIONAL INCOME



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times a speculation, particularly so in the case of mining securities in the early stages of exploration and development." Ontario has had a securities act for 15 years, but enforcement has sometimes been lackadaisical.

**Registration Required**—The new securities act will compel registration of investment advisory services as well as of brokers. Advertising claims will be filed with the commission, and more frequent auditing will check the financial position of registrants and their connection—personal or otherwise—with active stock companies.

Stricter regulation, Toronto officials feel, will prevent the hoodwinking of suckers by crooks from giving all Canadian stocks a bad reputation. There are hundreds of big-time profitable mining enterprises in Canada (most of them onetime gambles) as well as many more thousand-to-one shots now engaged in raising capital with which to determine the merits of their drill-hole claims.

## TARIFF REVISION ASKED

OTTAWA—A request from the Pennsylvania Anthracite Institute for duty-free entry of American anthracite into Canada is before a royal commission which has been studying the Canadian fuel situation.

The commission is due to report on a permanent fuel policy for Canada, where supply is complicated by location of rich bituminous deposits on the Atlantic seaboard and in the far west, while the chief markets are in Ontario and Quebec. For years, in order to keep the coal industry going, subsidies have been paid on the westward shipment of Nova Scotia coal and the eastward shipment of western coal.

The present tariff imposes a duty of 50¢ a ton on American anthracite while British anthracite enters at 15¢ a ton. Little anthracite is produced in Canada. The Americans point to their record of supplying Canada during the war, when British shipments were stopped, and hope for at least equality of treatment with overseas competitors.

## AIRLINE CAPITAL SOUGHT

OTTAWA—Parliament is being asked to increase the authorized capital of Trans-Canada Air Lines from \$5,000,000 to \$25,000,000 to provide funds for the purchase of equipment needed to inaugurate transatlantic, transpacific, and South American services.

Trans-Canada is to be authorized to form subsidiary companies to operate services in connection with its own lines in South America. Contemplated lines cover Central America, and extend as far south as Brazil.

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The directors of American-Marietta Company have declared a semi-annual dividend of \$2.50 per share on their Preferred Stock and \$1.00 per share on the Class "A" Common Stock, payable November 1, 1945, to holders of record as of October 20, 1945.

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# THE MARKETS

(FINANCE SECTION—PAGE 68)

Although the New York Stock Exchange on Friday of last week uncovered the sharpest spell of price correction in many a day, the stock market was quick to bounce back. By the close of Big Board activity on Monday, renewed buying enthusiasm had proved sufficiently potent to hoist the industrial and utility stock price averages to their best levels since the summer of 1937. Rail stocks also joined in the parade, though with more restraint.

However, the optimism underlying this rally showed few lasting qualities and after Monday the over-all picture was taking a decided change for the worse.

• **Showing Nervousness**—Instead of the earlier optimism, Wall Street by Wednesday of this week was displaying more nervousness over the near-by outlook than had been discernible for some time. Stock market prices, moreover, were sagging badly under the impact of profit-taking sales and the withdrawal of supporting bids. And more and more market letter writers, warning of "disturbing elements in the news that should not be overlooked," were suggesting that at least "some lightening of speculative commitments" appeared warranted.

Obviously, one of the main reasons for the uneasiness has been the news from the labor front. Particularly disturbing to market participants are the growing threat of serious troubles in the motor industry and the unfavorable potentialities in this week's rejection by Big Steel of the wage demands served upon it by the C.I.O.

• **Wage-Price Policy**—Even more important, however, according to gossip in brokerage house board rooms, are the stories going the rounds to the effect

that the White House has about decided to announce formally a wage-price policy (page 5) that may have the effect of exerting as much as a 35% squeeze on 1946 corporate profits. This has thoroughly chilled many investors and traders, and they show signs of intending to remain on the sidelines until they learn definitely what is in the wind.

Thus far the widest retreats have been in the steel, motor, and metal groups. Losses ranging up to some \$3 were noticeable in Tuesday-Wednesday trading in such bellwether shares as U. S. Steel, Bethlehem, Youngstown Sheet & Tube, General Motors, and Chrysler.

• **Few Buck the Trend**—Even so, most of the liquidation was pretty widely distributed. Wednesday, for example, only 140 of the 1,010 individual issues changing hands were able to boast of having successfully bucked the trend.

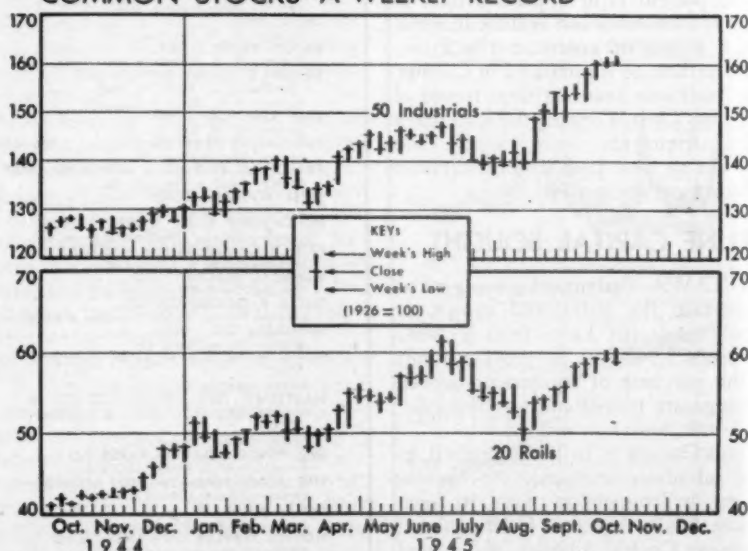
Even those in the financial district who are still bullishly inclined are now aiming their predictions in longer-range perspective. Also, they are strongly counting on the recently growing fear of inflation to continue to be one of the more important market influences.

## Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
<b>Stocks</b>				
Industrial ...	160.5	160.6	154.2	126.1
Railroad ....	58.9	59.3	58.3	42.3
Utility .....	77.8	77.7	73.6	56.0
<b>Bonds</b>				
Industrial ...	121.9	122.2	121.8	119.5
Railroad ....	115.4	115.4	114.6	110.2
Utility .....	115.7	115.7	115.7	117.0

Data: Standard & Poor's Corp.

## COMMON STOCKS—A WEEKLY RECORD



Data: Standard & Poor's Corp.

# THE TRADING POST

## Wheatland Markets

As a contribution to its job of reporting the American regional outlook, Business Week passes on to its readers a letter from a well-informed correspondent who keeps a weather eye on the markets of the Kansas wheatlands and surrounding territory. He writes:

"Any report or appraisal of business conditions in this part of the nation must necessarily lead off with the subject of winter wheat—our most important industry. Most of the fall seeding has been done, a little late but otherwise under most favorable conditions. With a government-supported market the growers now only have to worry about winter-killing, rust, insect damage, and a dozen other hazards that might occur before harvest time next June and July. But wheat growers are professional worriers; they haven't much to do during winter months.

"If there is one soft spot in our farm scene this fall it probably is the apparent scarcity of protein feed for our abnormally large livestock and poultry population. Unseasonal weather last spring delayed corn planting; an early frost took its toll of corn and grain sorghums. Although the current corn crop is estimated at around 70,000,000 bu.—a figure that is 60% more than the 1934-43 average—it will be more than 10,000,000 bu. shy of last year's bumper yield, and not nearly enough to finish the herds of Whiteface cattle that are now on grass in the vast Flint Hills pastures of eastern Kansas.

"Though it will be another month or two before this year's corn crop is a matter of exact record, already farmer-lesmen who represent hybrid seed corn growers are lining up business for next spring by the simple expedient of advising doubters to compare a certain stand of hybrid corn with a certain adjacent field of open-pollinated corn. Never was there a better time to demonstrate how hybrids come through under adverse conditions, and next season will undoubtedly show a marked increase over the 1945 estimate of 60% hybrid corn planted in Kansas.

\* \* \*

"Cashing in on the fantastic demand for protein livestock and poultry feed is a comparatively new industry which has doubled and redoubled its production during the past year. It is the dehydrated alfalfa meal business. Every valley in this part of the country has at least one plant to which alfalfa hay is

rushed by trailer trucks, ground, then dehydrated in rotary ovens. From field to feed bag may be a matter of less than one hour, thus preserving protein and carotin that are largely lost during the sun-curing process.

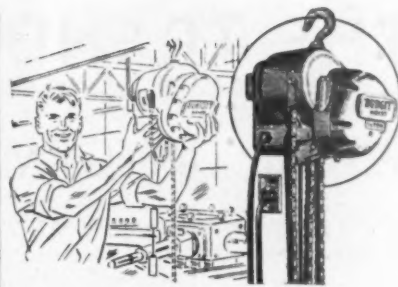
"Another of our dehydration industries—egg powder—is quite dead at the moment because of cancellations of lend-lease and Army contracts but most operators are holding their plants in readiness for what they think might be a final run. 'What' they ask, 'will the government do with the inevitable surplus of eggs next spring? Uncle Sam ordered them, and when he takes delivery he'll probably dry the bulk of them to simplify his storage problem.' Who will eat them? That's not worrying the processors, but one ventured an opinion that it would not be ex-soldiers.

\* \* \*

"There is a brisk trade going on in farm land in Kansas and Oklahoma, but it is nothing like the crazy boom that followed the first World War. This time the farmers who are adding to their holdings are generally paying cash, although sellers are most happy to hold back a mortgage on any reasonable unpaid balance. It is a much different setup compared to 25 years ago when wheat growers were slapping mortgages on the old homestead in order to buy another section, only eventually to lose both properties when the bubble burst.

"Financial institutions aren't getting much farm paper nowadays. One banker told me it was simply a matter of marking time until the farmer could find ways to spend his cash. He needs farm tools of every kind. His fences are due to be replaced and his buildings need repairs and paint—lots of paint. And, of course, he wants a new family car and a truck.

"The word 'reconversion' hasn't much significance in these parts except in a few communities like Wichita, Kan., where an over-expanded aircraft industry was suddenly and sharply cut back. Because of the nature of their products, our oil refineries, meat packing plants, and flour mills switched from war to civilian goods without stopping a wheel. Latest survey of the United States Employment Service shows that 43,000 persons have lost their jobs since V-J Day but only one-fourth of that number are now being paid unemployment compensation. If construction materials are made available soon, there should be practically no unemployment this winter."



## Money-maker

ARE production costs one of your biggest worries now that reconversion is in full swing? Do you wonder how you can meet the keen competition you're facing, keep assembly and production lines moving full speed ahead to provide work for your employees while making enough profit to continue operations?

May we tell you of several places where you can cut costs? Take your assembly and production lines, where heavy tools, parts and machines must be lifted. Why not lift electrically with a labor-saving, time-saving, labor-protecting 'Budgit' Hoist? These powerful hoists can lift up to 4,000 pounds—easily, quickly, smoothly, with an efficiency that's amazing. They are complete hoisting units that need only to be plugged into the nearest electric socket and put to work. They cost but a few cents a day to operate and run day after day with the minimum amount of attention. 'Budgits' allow the worker to turn his energy into greater production... save him from strain, rupture, over-fatigue, and prevent lost man-hours for the company. That's making money!

Why not check your production, assembly and inspection lines for spots where 'Budgit' Hoists are needed? They will bring you and your workers greater profits.

'Budgit' Hoists are portable, electric hoists built to lift 250, 500, 1000, 2000 and 4000 lbs. Prices start at \$119. For further details, write for Bulletin No. 356.



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Hoists

MANNING, MAXWELL & MOORE, INC.  
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Builders of 'Shaw-Box' Cranes, 'Budgit' and 'Load Lifter' Hoists and other lifting specialties. Makers of Ashcroft Gauges, Hancock Valves, Consolidated Safety and Relief Valves and 'American' Industrial Instruments.

# THE TREND

## WHERE UNIFORMITY IS A MIRAGE

Even if you are allergic to tables of figures, as we find some people are, we hope that you will look carefully at the table on page 106 which, in addition to indicating the relative importance of labor costs for various industries, presents highlights in the wartime history of wage rates, earnings of wage workers, and hours of labor in the United States. It will be better still if you can also promote an examination of this table by those Washington functionaries who are commissioned to come up with a national wage and wage-price policy. The table provides a striking demonstration that the devising of a policy in this field which takes proper account of differences in the wage problems of different industries is an extremely difficult and delicate business which should be conspicuously tagged, "Handle With Care."

- By examining the table you will find that, among many great differences from industry to industry, wartime increases in straight-time hourly earnings ranged all the way from 13% in the malt beverage industry to 94% in the women's apparel industry. You will also find that wartime changes in the hours of work per week varied from a slight decrease in the industry making machine-tool accessories, which had its great expansion before we got into the war, to a 36% increase in sugar refining where hours increased from 35 to 47.7 per week. In addition, the table shows that, as a result of varying combinations of changes in hours of work and wage rates, wartime increases in average weekly earnings of wage workers varied all the way from 23% in the telephone industry to 121% in women's apparel. The average money increase in weekly earnings varied from about \$27 in shipbuilding to about \$8 in the hotel and telephone industries.

The table will also show you striking contrasts from industry to industry in the share of total sales represented by wage payments to production workers. It ranges all the way from 2.5% in cigarette manufacturing to 34.3% in hosiery manufacturing, and to 65.2% (for wages and salaries combined) in the coal mining industry. The figures are for 1939, the last year when such figures were compiled, but they did not change greatly during the war.

- In the light of figures such as these there is at least one certainty about the impact of a uniform percentage wage adjustment upon different industries. That certainty is that the impact would be completely lacking in uniformity. For the industry whose labor costs are only a small fraction of its total sales a wage increase is obviously less of a life and death matter than it is for the industry where wages constitute a major proportion of sales. It is

equally obvious that an industry where wage rates were almost doubled during the war is in a different position to handle another increase than an industry where wages were increased relatively little. The demand that wartime take-home pay be maintained is an altogether different thing in the industry where wartime hours were increased by more than one-third than it is in the industry where they were increased not at all.

- In spite of the fact that it would affect various industries, let alone companies, in altogether different ways, there seems to be a strong inclination in Washington to plunk for a uniform percentage wage increase in an effort to resolve current labor troubles. It appears to be due in part to a feeling that, since the central problem involved has been so tardily tackled, there will only be time to work out a rough, rule-of-thumb solution. Also the Little Steel formula, by which Washington authorized a 15% wage increase right across the national board, is cited as a precedent for doing something of the same sort again.

However, the National War Labor Board, if consulted, would be the first to concede that its approval of the Little Steel formula is a more than dubious precedent for repetition of a general percentage wage adjustment. That formula was designed primarily to offset wartime increases in the workers' cost of living in a completely controlled market where the federal government had both special obligations and powers to do this. Now, if the controlling pronouncements about the reconversion policy of the federal government are to be trusted, industry can be expected to move rapidly into a situation where the competitive forces of the market, rather than decrees of government, will be controlling. Under such circumstances a general percentage wage adjustment formula would be general only in name. Its impact upon various industries would vary enormously. Some would apparently be able to take a substantial upward wage adjustment in their stride. For others a similar adjustment might well be ruinous.

- This does not mean, of course, that there should be separate wage and wage-price policy for each industry. Interdependence as well as individuality of the various industries comprising it are a characteristic of the American economy which must be taken into account if the policy makers are to do an adequate job. However, as the table we commend to your attention so clearly indicates, any wage or wage-price policy which does not respect the striking idiosyncrasies of various lines of American industry will be so superficial that it may complicate rather than cure the economic ills to which it is addressed.



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